

6.4 GROUND LEASE OF 28 MATAI BAY ROAD, KARIKARI TO FIRE & EMERGENCY NZ**File Number: A2863216****Author: Rob Koops, Property Services****Authoriser: William J Taylor MBE, General Manager - Corporate Services****PURPOSE OF THE REPORT**

To initiate the public consultation process on the granting a new 33 year ground lease to Fire & Emergency New Zealand (FENZ) for the land at 28 Matai Bay Road, Karikari and to classify the land subject to the lease as Local Purpose (community buildings) and to appoint the Te Hiku Community Board to hear submissions and make a recommendation to Council.

EXECUTIVE SUMMARY

- FENZ wish to replace the existing rural fire depot at 28 Matai Bay Road, Karikari with a modern fire and emergency response centre.
- FENZ require long term tenure on the land to justify the investment.
- FENZ will own the new fire and emergency response centre.
- There will be no cost to FNDC for the construction or ongoing maintenance.
- A 33 ground year lease subject to the Reserves Act 1977 at nominal rent is proposed.
- The parcels of land involved will be classified appropriately.
- The Te Hiku Community Board considered this report at their meeting on 10 March 2020 and make the following recommendation to Council.

RECOMMENDATION**That Council:**

- a) **Approve the public consultation process is commenced on the granting of a new 33-year ground lease to Fire & Emergency NZ on 2,467.5 square meters of land at 28 Matai Bay Road, Karikari being part Lot 103 DP 54644, being 1.0390ha and part Record of Title NA4C/203 and vested in Far North District Council as a recreation reserve.**
- b) **approve the public consultation includes submissions on the classification of the 2,467.5 square meters of land subject to the lease as Local Purpose (community building) reserve and the balance as Recreation Reserve under the Reserves Act 1997.**
- c) **approve the Te Hiku Community Board is appointed to hear any submissions received in response to the consultation process and to make recommendations to the Council in respect of granting the lease and the reserve classification.**

1) BACKGROUND

Fire and Emergency New Zealand have a Licence to Use a number of former rural fire depots around the District owned by FNDC. The licence is about to expire in April 2021. FENZ is reviewing the suitability of individual rural fire depots and are implementing upgrades as required. The Licence to Use includes all the 1.0390ha of land and the building at 28 Matai Bay Road, Karikari.

The existing rural fire depot at Matai Bay Road (essentially a double garage) is not fit for purpose in terms of size, functionality, staff facilities, etc. FENZ wish to remove the existing building and replace it with a substantial and modern fire and emergency response centre (Attachment 1). In order to make this investment FENZ requires security of tenure on the underlying land.

It is proposed that the licence to use for the Matai Bay Road station is replaced with a ground lease of 33 years on the 2,467.5 square meters of land required for the building, carparks, etc. and that FENZ takes full responsibility for the demolition of the existing rural fire depot and the construction and future repair, maintenance and renewal of the new fire and emergency response centre.

It is further proposed that the 2,467.5 square meters of land required for the building, carparks, etc. is classified Local Purpose (community building) reserve and the balance of the 1.0390ha of land classified as Recreation Reserve under the Reserves Act 1997.

Lot 103 DP 54644 is vested in Council as an unclassified Recreation Reserve. The Act requires Council as the local authority to classify vested reserves according to their primary purpose. The classification process allows for part of the reserve to be classified for one purpose and the other part of the same reserve for another purpose. Prior to classifying the local authority is to undertake public notice, giving full consideration to all submissions.

The Act provides for the administering body of a reserve to lease all or part of a reserve for an appropriate purpose. Public consultation, giving full consideration to all submissions, is to be undertaken prior to the granting of a lease. The Act allows for a lease term not exceeding 33 years.

2) DISCUSSION AND OPTIONS

FENZ have identified the Matai Road station as the ideal location for a modern fire and emergency response centre to service the Karikari Peninsula and adjoining areas adequately for the foreseeable future. FENZ will fully fund the new construction and request that FNDC make available the land at nominal rent for a minimum of 33 years.

Option 1:

Enter into a ground lease for 33 years and transfer ownership of the existing improvements to Fire & Emergency NZ for \$1.00 and write off the book value against retained earnings.

Classify the 2,467.5 square meters of land required for the building, carparks, etc. Local Purpose (community building) reserve under the Reserves Act 1997 and classify the balance of the land as Recreation reserve.

Option 2:

Retain the status quo.

Reason for the recommendation

Entering into a ground lease for 33 years would give FENZ the security of tenure it needs to make this substantial investment on the Karikari Peninsula.

Retaining the status quo means that responding adequately to fire and emergency events in the Karikari Peninsula area becomes increasingly challenging, especially as weather and fire events become more extreme due to the effects of global warming.

3) FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

Currently FNDC does not charge rent for the use of land or building. Under the existing Licence to Use FNDC is responsible for repairs and renewals.

A nominal rent for the land of \$1.00 per annum is proposed. There will be no cost to Council for construction or repair and maintenance fire and emergency response centre.

The current "book value" of the improvements is \$58,450.58. It is proposed that the improvements will be disposed of and the value written off to retained earnings. This is an accounting entry only and has no financial impact on rates.

ATTACHMENTS

1. FENZ Karikari Rural Station Concept - A2877783

Compliance schedule:

Full consideration has been given to the provisions of the Local Government Act 2002 S77 in relation to decision making, in particular:

1. A Local authority must, in the course of the decision-making process,
 - a) Seek to identify all reasonably practicable options for the achievement of the objective of a decision; and
 - b) Assess the options in terms of their advantages and disadvantages; and
 - c) If any of the options identified under paragraph (a) involves a significant decision in relation to land or a body of water, take into account the relationship of Māori and their culture and traditions with their ancestral land, water sites, waahi tapu, valued flora and fauna and other taonga.
2. This section is subject to Section 79 - Compliance with procedures in relation to decisions.

Compliance requirement	Staff assessment
State the level of significance (high or low) of the issue or proposal as determined by the Council's Significance and Engagement Policy	Low.
State the relevant Council policies (external or internal), legislation, and/or community outcomes (as stated in the LTP) that relate to this decision.	The Reserves Act 1977 allows for Council to classify and lease reserves vested in the Council. FNDC Reserves Policy. The Policy supports a long term lease being offered to community groups wanting a permanent base, requiring significant financial investment.
State whether this issue or proposal has a District wide relevance and, if not, the ways in which the appropriate Community Board's views have been sought.	Delegation to the relevant Community Board enables them to hear submissions and make a recommendation to Council.
State the possible implications for Māori and how Māori have been provided with an opportunity to contribute to decision making if this decision is significant and relates to land and/or any body of water.	Local iwi Ngati Kahu has been approached by FENZ and their submission will form part of the deliberations prior to a recommendation to Council being made.
Identify persons likely to be affected by or have an interest in the matter, and how you have given consideration to their views or preferences (for example – youth, the aged and those with disabilities).	Public consultation will determine this and submissions will form part of the deliberations prior to a recommendation to Council being made.
State the financial implications and where budgetary provisions have been made to support this decision.	A nominal rent for the land of \$1.00 per annum is proposed. Existing improvements with a book value of \$58,450.58 will be written off.

Chief Financial Officer review.	The Chief Financial Officer has reviewed this report.
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