

QLDC Council
29 April 2021

Report for Agenda Item | Rīpoata moto e Rāraki take : 4

Department: Property & Infrastructure

Title | Taitara Grant a new lease over 65 Buckingham St to Provisions Arrowtown

PURPOSE OF THE REPORT | TE TAKE MŌ TE PŪRONGO

The purpose of this report is to consider granting a new lease over 65 Buckingham Street, Arrowtown, known as Romans Cottage, to Provisions Arrowtown.

RECOMMENDATION | NGĀ TŪTOHUNGA

That Council:

1. **Notes** the contents of this report;
2. **Approve** a new lease to Provisions Arrowtown, over 65 Buckingham Street, Arrowtown, subject to the following terms:

Commencement: TBC

Term: 5 years

Renewals: 1 further term of 5 years by agreement of both parties

Rent: TBC

Reviews: 2 yearly

Use: Café, including summer dining (subject to resource and liquor consents)

Insurance: Lessee to hold Public Liability Insurance of at least \$2,000,000

OPEX: Payable by the lessee

3. **Delegate** signing authority and agreement of final lease terms to the General Manager Property & Infrastructure.


Prepared by:



Dan Cruickshank
Property Advisor

19/04/2021

Reviewed and Authorised by:



Peter Hansby
GM Property & Infrastructure

19/04/2021

CONTEXT | HOROPAKI

- 1 Provisions Arrowtown (hereafter 'Provisions') is a business that occupies a cottage, previously known as 'Romans Cottage,' located at 65 Buckingham Street, Arrowtown. The property which is historic and has a prominent location on Buckingham Street, has been owned by the Council since a fundraising and acquisition effort led by the community in approximately 2010. The property is held in freehold and does not have a reserve classification.
- 2 The Council first granted Provisions a lease over the building in 2010, subsequently extended to include the grounds at 65 Buckingham Street in 2013.
- 3 A new lease was entered into in 2013, providing for a term of 4 years with a further right of renewal of four years. The current lease expires in July 2021.

ANALYSIS AND ADVICE | TATĀRITANGA ME NGĀ TOHUTOHU

- 4 The café has operated and leased from the Council for over ten years and can be regarded as an excellent tenant for the Council.
- 5 The business is well supported by the local Arrowtown community. The owner Jane Shaw sponsors and supports many community clubs in the area including the Arrowtown Rugby Club and Arrowtown School.
- 6 A new lease is being sought over the building. It is proposed to grant the lessee a new term of five years with one right of renewal of a further five years. The lessee also wishes to extend the operating hours so that they can offer set menu dining over the summer evening months.
- 7 Provisions recently received approval to extend their liquor licencing hours to 8am through to 11pm, Monday to Sunday. The previous licence allowed the café to operate Monday - Sunday, 9am-8pm outdoors and 9am-9.30pm indoors. By providing this lease approval, the lessee will be able to open in the evenings over the summer period and offer set menu dining to their customers.
- 8 The annual rent charged is has not yet been set, due to the impact from COVID-19 on their current business. It is proposed to keep the lessee on, holding over provisions under their current lease and at the current rental, until the end of 2021, at which point the rent and new lease will be set.
- 9 Option 1 Approve the new lease over 65 Buckingham St, Arrowtown to Provisions Arrowtown.

Advantages:
- 10 A Council property will be fully utilised by an existing business, reducing oversight of what might otherwise be a vacant property.
- 11 Council will be supporting a long-standing business in the Arrowtown community.

12 Will reduce operational costs to the Council, as the lessee will be responsible for these.

13 Council will receive income from the lease.

Disadvantages:

14 The building will be permanently leased for a period of 5 years, limiting other options for its utilisation.

15 Option 2 Decline the new lease.

Advantages:

16 The building will not be permanently leased for a period of 5 years, limiting other options for its utilisation.

Disadvantages:

17 A Council property will not be fully utilised by an existing business, reducing oversight of what might otherwise be a vacant property.

18 Council will not be supporting a long-standing business in the Arrows town community.

19 Will not reduce operational costs to the Council.

20 Council will not receive income from the lease.

21 This report recommends **Option 1** for addressing the matter because it continues the leasing of a property to a quality existing tenant, that will reduce costs and provide income to the Council.

CONSULTATION PROCESS | HĀTEPE MATAPAKI:

> SIGNIFICANCE AND ENGAGEMENT | TE WHAKAMAHI I KĀ WHAKAARO HIRAKA

22 This matter is of medium significance, as determined by reference to the Council's Significance and Engagement Policy as it relates to a Council strategic asset however it does not impact on Council's capability and capacity, and does not transfer control of the property which is already under an existing lease.

23 The people who are adversely affected by or would be significantly interested in this matter are the residents, visitors and ratepayers of the Queenstown Lakes District. The Council has consulted with Arrows town Heritage and Promotional groups about the new lease, with no objections raised.

> MĀORI CONSULTATION | IWI RŪNANGA

24 The Council has not undertaken specific consultation in relation to this proposed releasing of a Council property.

RISK AND MITIGATIONS | NGĀ RARU TŪPONO ME NGĀ WHAKAMAURUTANGA

- 25 This matter relates to the *Community & Wellbeing risk category*. It is associated with RISK00009 within the QLDC Risk Register. This risk has been assessed as having a high inherent risk rating.
- 26 This matter relates to this risk because it seeks to grant a mid-term lease over its land, and this risk needs to be highlighted when granting a lease.

FINANCIAL IMPLICATIONS | NGĀ RITENGA Ā-PŪTEA

- 27 Rent will be payable by the lessee at market, set later in 2021. The lessee will pay for lease drafting fees.

COUNCIL EFFECTS AND VIEWS | NGĀ WHAKAAWEAWE ME NGĀ TIROHANGA A TE KAUNIHERA

- 28 The following Council policies, strategies and bylaws were considered:
- 29 Significance and Engagement Policy 2014 - providing clarity on Council's decision making processes and assessing the extent to which individuals, organisations, groups and sectors in the community are affected by the Council's decisions.
- 30 The recommended option is consistent with the principles set out in the named policy/policies.
- 31 This matter is included in the Ten Year Plan/Annual Plan as rental income from the property is included within Council budgets.

LOCAL GOVERNMENT ACT 2002 PURPOSE PROVISIONS | TE WHAKATURETURE 2002 O TE KĀWANATAKA Ā-KĀIKA

- 32 The recommended option:
 - Will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses by providing income for other Council activities; and
 - Is consistent with the Council's plans and policies; and
 - Would not alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or transfer the ownership or control of a strategic asset to or from the Council.

ATTACHMENTS | NGĀ TĀPIRIHANGA

A	Plan of Lease Area
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Provisions Lease Plan



Lease Area

0 0.01 0.01 0.03 km

Scale: 1:282

Map Date:
11/04/2021

