

14 CONFIDENTIAL REPORTS

22.4.7 LEASE OF THE RANFURLY LUCERNE PADDOCKS - PREFERRED PROPOSAL

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Public Excluded

Section under the Act	The grounds on which part of the Council or Committee may be closed to the public are listed in s48(1)(a)(i) of the <i>Local Government Official Information and Meetings Act 1987</i> .
Sub-clause and Reason:	s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.

1. Purpose of Report

To review the outcome of the proposals received to lease the Ranfurly lucerne paddocks. Consider terms of the proposed lease and agree to seek Council's ratification of the lease.

Recommendations

That the Maniototo Community Board

- A. Receives the report and accepts the level of significance.
- B. Agrees the Maniototo Rugby Football Club are the preferred party for Council to negotiate a lease with for the Ranfurly lucerne paddocks.
- C. Recommends that a representative from the Maniototo Community Board be appointed to be present during lease negotiations.
- D. Recommends to Council the lease be ratified.
- E. Recommends the Chief Executive Officer to do all that is necessary to give effect to the resolution.
- F. Recommends this report and resolutions are made available to the public when the lease has been executed.

2. Background

The land referred to as being the Ranfurly lucerne paddocks (the land), is comprised of Sections 9 and 10, and part section 60, Block 1 Town of Ranfurly approximately 31.7798 hectares.

The land is Crown derived land, vested in Central Otago District Council (the Council) on 30 March 1981. The land is gazetted as a reserve for recreational purposes, pursuant to the Reserves Act 1977.

The Board considered a report on 5 December 2019 regarding lease options for the Ranfurly lucerne paddocks.

The Board resolved under item 19.8.23:

“The Chair reminded members of the importance of declaring conflicts of interest and noted that the Board includes four ex-rugby players. As former members of the Rugby Club, they have a former interest in this item, but no current interest.

Moved (Harris/Umbers):

That the Board:

- A. Receives the report and accepts the level of significance.*
- B. Agrees that the lease for the Lucerne paddocks be publicly advertised calling for expressions of interest.*

Motion carried”

The Board had the opportunity to informally review the evaluation criteria on 17 November 2021 which formed part of the Request for Proposal - Lease of the Ranfurly lucerne paddocks.

Expressions of interest seeking proposals were publicly advertised from interested clubs or groups within the Māniatoto.

The Request for Proposal was publicly released on 10 March 2022 with the deadline for proposals to be received no later than 11 April 2022 at 4.00pm.

Two proposals were received.

3. Discussion

Maniototo Ice Rink (the Rink) and Maniototo Rugby Football Club (the Club) both submitted proposals.

Proposals were evaluated by the tender evaluation team against the evaluation criteria and assigned a weighted score. Appendix 1 (**attached**) shows a total weighted score of 58 to the Rink, and 76 to the Club.

Both proposals were competitive with four of the criteria. The results of the criteria to offer additional monetary and or voluntary resources for projects on the Maniototo Park and Maniototo Stadium facilities clearly separated the two proposals.

The Rink was only prepared to offer 72 hours voluntary labour with no monetary commitments for projects on the Māniatoto Park and Māniatoto Stadium facilities.

The Club have historically demonstrated voluntary labour for work on the park and have committed to continue this voluntary contribution. The Club also identified monetary commitments toward projects on the Maniototo Park and Maniototo Stadium facilities.

Given the evaluation criteria results, the Club's proposal is the preferred party for Council to enter lease negotiations with.

The Rink will be advised of their unsuccessful proposal at the conclusion of this meeting.

Proposed Lease

The Maniototo Community Board may want a representative to accompany staff when meeting with the Club to enter into negotiations.

While negotiations with the Club will be entered into, there are terms the Club will be expected to comply with to ensure transparency and accountability for the duration of the lease. These terms will be stipulated in the lease agreement.

Proposed Lease Terms:

- Initial term of the Lease – 5 years.
- Right of Renewal – 2 further terms.
- Maximum term of the lease – 15 years.
- Lessee to meet all outgoings including rates and water rates
- Exclude the grazing of cattle or dairy stock except for grazing calves for a period of no longer than 8 consecutive weeks at the end of the cropping season
- Fence replacement to be the responsibility of the lessee at no reimbursement from Council at the termination of the lease.
- Supply infrastructure from the toby to existing stock water system if required with no reimbursement from Council at the termination of the lease.
- \$3,000 plus GST, if any, to be paid annually.
- Annual income and expenditure accounts of operations on the leased paddocks to be submitted to Council no later than 30 June annually. These accounts are to be audited by an agreed responsible member of the Māniatoto community with no Club affiliations.
- Proof that competitive market sale price for products is sought.
- Identify additional monetary and/or voluntary resources for projects the Club commit to delivering on Maniototo Park and/or Stadium facilities, no later than 30 June annually.
- Written status updates on identified projects within 20 working days when requested by Council.

After negotiations are completed to the satisfaction of both parties, Council will be asked to formally ratify the lease

Formal Approval of the Lease

Council is required to give the public notice in accordance with Section 119(1)(b)(i) and (ii) of the Reserves Act 1977 of its intention to lease the reserve and consider any objections. Submitters have not less than 1 month after the date of the publication of the notice to submit an objection.

Council will consider any objections or submissions received when formally considering the Māniatoto Community Board's request that the lease be ratified.

4. Financial Considerations

Income from the lease will be receipted into the Other Reserves Māniatoto cost centre. This cost centre is where all income and expenditure for parks and open spaces in Māniatoto is

accounted for – including Māniatoto. The income from the lease will help offset the contribution required from rates for this cost centre.

5. Options

Option 1 – (Recommended)

- The Maniototo Rugby Football Club are the preferred party for Council to negotiate a lease with for the Ranfurly lucerne paddocks.
- Council be asked to ratify the lease and grant consent (under delegated authority) on behalf of the Minister of Conservation for the reserve land.
- Chief Executive Officer to do all that is necessary to give effect to the resolution.

Advantages:

- This option results in an annual income to the Other Reserves Māniatoto cost centre to offset the rate contribution from the ratepayer.
- There is a commitment of voluntary labour and financial contributions for projects.
- The terms of the lease provide transparency and accountability for the proposed lessee.

Disadvantages:

- There are no clear disadvantages with this option.

Option 2

- The Board prefer to enter lease negotiations with the Maniototo Ice Rink.
- Council be asked to ratify the lease and grant consent (under delegated authority) on behalf of the Minister of Conservation for the reserve land.
- Chief Executive Officer to do all that is necessary to give effect to the resolution.

Advantages:

- There are no clear advantages with this option.

Disadvantages:

- The proposal from the Maniototo Ice Rink does not provide the financial benefits to the ratepayer from either income, voluntary projects nor financial assistance for projects on the Maniototo Park and Maniototo Stadium facilities.

Option 3

- The Board declines to enter lease negotiations with either the Maniototo Ice Rink or the Maniototo Rugby Football Club

Advantages:

- There are no clear advantages with this option.

Disadvantages:

- The Board resolved to publicly advertise and call for expressions of interest. Two genuine proposals were submitted for evaluation. Declining both parties could create disquiet and frustration amongst the submitters and ultimately the community.

6. Compliance

<p>Local Government Act 2002 Purpose Provisions</p>	<p>Under section 10 (b) this decision enables democratic local decision making and action by, and on behalf of communities for good quality local infrastructure and local public services, in a way that is most cost effective for households and businesses.</p> <p>AND</p> <p>This decision promotes the social, economic and environmental wellbeing of communities, in the present and for the future by ensuring reserve land vested in Council is appropriately managed under Section 73 and 79 of the Reserves Act 1977.</p>
<p>Decision consistent with other Council plans and policies? Such as the District Plan, Economic Development Strategy etc.</p>	<p>Consideration has been given to the Grants Policy and the Community Leasing and Licensing Policy. However, awarding this lease was the result of going out to the market for a transparent process and competitive outcome, resulting in the best income offered to offset rates.</p>
<p>Considerations as to sustainability, the environment and climate change impacts</p>	<p>Because the land is on the fringe of Ranfurly, it is important that the land be managed appropriately rather than left to grow rank vegetation that could create a fire risk in summer.</p> <p>Cattle and dairy stock will be excluded from grazing to reduce impacts on the land and from greenhouse gases. Grazing calves will be permitted for a period of no longer than 8 consecutive weeks at the end of the cropping season.</p>
<p>Risks Analysis</p>	<p>There are no health and safety risk to Council associated with issuing a lease as the responsibility rests with the lessee who are</p>

	required to comply with obligations under the Health & Safety at Work Act 2015.
Significance, Consultation and Engagement (internal and external)	<p>The Request for Proposal – Lease of Ranfurly lucerne paddocks was publicly advertised in the Central Otago News, the Otago Daily Times, Council's web site and on Facebook.</p> <p>This issue does not trigger the Significance and Engagement Policy.</p>

7. Next Steps

24 June 2022 The Rink will be advised that their proposal was unsuccessful at the conclusion of this meeting.

Negotiation of the proposed terms of the lease be undertaken with the Club reaching an agreement in principle based on the terms stated in this report.

28 June 2022 The proposal to lease the Ranfurly lucerne paddocks will be publicly advertised in the Central News on the Central Otago District Council notice board and in the Otago Daily Times as a statutory requirement. Submissions to close on 28 July 2022.

24 August 2022 A report will be presented to Council including any submissions for or against the proposed lease.

Council will be asked to ratify the lease or decline, dependant on submissions and Council will approve the lease under delegated authority from the Minister of Conservation.

31 August 2022 Lease executed by both parties.


Chief Executive Officer to give effect to the resolution of Council.


8. Attachments

Appendix 1 - Evaluation Scoring Matrix.pdf

Report author:

Reviewed and authorised by:


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20/05/2022


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9/06/2022