

Whakatane *Sportfishing Club Inc.*

GROUND LEASE – 2 THE STRAND



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BACKGROUND

We would like to inform you about a matter of importance to the Club. Two events that will occur soon require us to consider our current location on Whakatāne Wharf. This document summarises the current situation and outlines what will occur over the following months. More detailed information will be provided to members in September following the AGM.

As many of you will be aware the Club owns its building at 2 The Strand and has a ground lease with Whakatāne District Council, until October 2024, that enables us to occupy this site. A new ground lease must be negotiated with the Council to secure our tenure on this site beyond this date.

Bay of Plenty Regional Council plan to improve the flood protection structures along the Whakatāne River through 'Project Future Proof'. This is a multi-stage project, running from McAllister St Pump Station through to the Muriwai Drive playground. They plan to upgrade the stopbanks and floodwalls by fixing seepage issues (uncontrolled water flowing through them) and raising flood defences including those around the Club building.

This means that if the Club building remains in its current location when the height of the existing floodwalls are increased, then the Club's building and the District Council's land will remain permanently in the flood risk zone. Any opportunity for our building to be located behind and protected by the floodwall will be lost due to the cost and difficulty to change the floodwall after the height increases.

In response to these issues Whakatāne District Council has decided to review the use of its land at 2 The Strand. This includes considering whether it will grant the Club a new ground lease when the existing lease expires. Council wants to take the views of the Club into consideration when deciding on the future use of this land and are working closely with us through this process.



HOW WILL THIS PROCESS BE MANAGED?

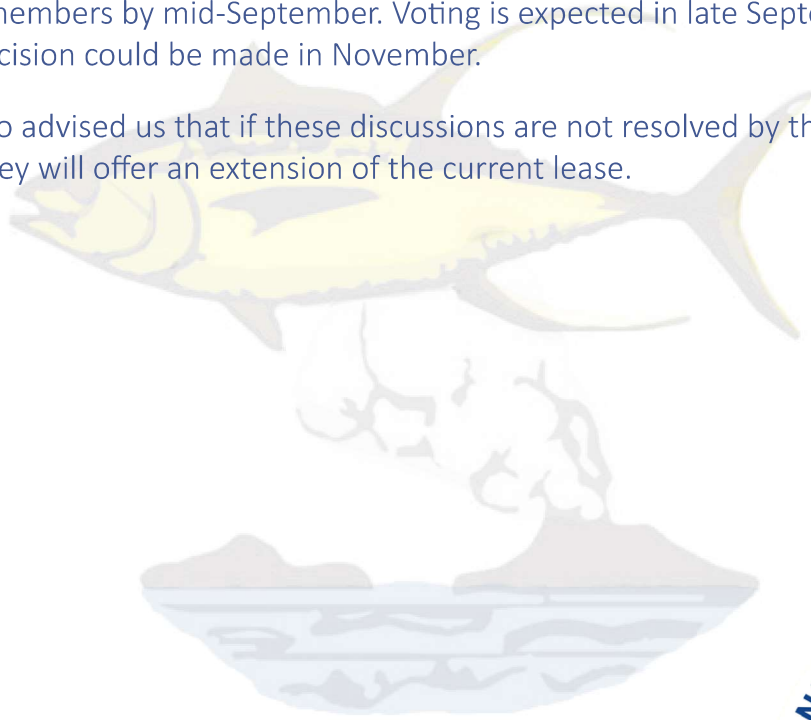
We have identified four potential options for the Club to consider and will advise Council which of these four options the Club supports. This document includes an outline of our four options. Following the AGM, we will provide more detailed information to members to consider the benefits and downsides of each option. Members will then be asked to vote on which preference they think the Club should choose.

The Club's preference and other feedback will then be presented to Council. Once Council has gathered and considered all information and views from other stakeholders the Council will make a decision regarding the future use of the property. We should be aware that Council's decision may not support the option the Club chooses.

WHAT IS HAPPENING NOW?

The full WSFC Committee have established a Lease Subcommittee to manage these issues. The Lease Subcommittee is working with Council to ensure each option is researched and relevant information is made available to all members before casting their vote. This research and information collection is well underway, and the Lease Subcommittee expect to provide this information to members by mid-September. Voting is expected in late September. Council have advised their decision could be made in November.

Council have also advised us that if these discussions are not resolved by the time the ground lease expires, they will offer an extension of the current lease.



WHAT ARE THE OPTIONS?

OPTION 1

The Club requests to stay in its current location.

This means that if approved by Council, the Club's buildings will stay in the same location and the existing floodwall height will be increased by 800mm in its current location.

ADVANTAGES



- The Club retains its prestigious location.
- No cost of relocation.

DISADVANTAGES



- The option to relocate the building in the future is likely lost.
- The Club building has no flood protection due to being on the wrong side of the floodwall.
- The value of the building will depreciate towards zero as it's flood risk increases.

OPTION 2

The Club negotiates with District and Regional Council's to move it's building behind the floodwall structure.

This could allow a new floodwall to be constructed in a straight line along the promenade. The Club building would be relocated within the existing site onto an elevated foundation.

ADVANTAGES



- The Club building has flood protection due to being behind the floodwall.
- The Club retains its prestigious location.
- The new location is potentially a better position on the wharf and elevated above the floodwall providing better views.
- A potential opportunity for other capital improvements to the building as part of move.

DISADVANTAGES



- Cost to move the building and establish new foundations.
- Club building is temporarily closed during relocation.
- Implications for loss of revenue due to building being closed during relocation.



OPTION 3

The Club moves to a new location.

This involves the Club moving from 2 The Strand to a new location. Examples include:

- The new Boat Harbour development Te Rāhui Herenga Waka,
 - A building within the Whakatane township,
 - Members may propose alternative sites they wish the Club to consider.
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ADVANTAGES



- The Club has a new location that is fit for the long term.
- Potentially better car parking, access, and amenity

DISADVANTAGES



- Cost to move to a new location.
- The Club loses its prestigious location.
- Sense of loss to those members who built and funded the existing building.
- No assurance that another site will be available or available on terms acceptable to the Club.

OPTION 4

Raise the Club building in its current location.

This means that if approved by Council, the Club's buildings would stay in the same location but be lifted to the new minimum floor level height. It is not certain that a new floodwall could be constructed beneath an elevated building.

ADVANTAGES



- The Club retains its prestigious location
- Raised building height increases flood protection

DISADVANTAGES



- Cost of building works similar to Option 2 - Relocation on site.
- The option to relocate the building behind the floodwall in the future is likely lost.
- No flood protection from the existing floodwall.
- Potential flood damage to foundations and services remains a risk.



FREQUENTLY ASKED QUESTIONS

Why can't we just stay where we are?

Staying where we are is one of the options the Club can consider. However, Council may not prefer this option and will consider the effect to its land from not being protected by the floodwall in its decision on whether to extend the Club a new ground lease.

What are our options?

There are 4 main options that the Club can express its preference for:

1. Remain in current position
2. Relocate on site, behind a floodwall
3. Relocate to another site
4. Raise the Club building in its existing position

These options are explained in more detail above in the Summary of Options.

How can I find out more information about Project Future Proof?

If you wish to learn more about Project Future Proof, the Regional Council has information available here.

boprc.govt.nz/project-future-proof

What is the WSFC Committee doing about the lease and building matter?

The Executive Committee has been discussing the floodwall and lease with the District Council for some time. Following a meeting with Council in July the full WSFC Committee established the Lease Subcommittee to manage matters relating to the Club's ground lease, the process of advising members about the lease and floodwall issues, and will continue to work with Council on these matters.

How do I have my say?

Members will be asked to vote on the option they think the Club should choose. Voting will occur once information on the details of the 4 options has been gathered and sent to members to consider.





Is the Club working with the Council closely on this?

The newly formed Lease Subcommittee is working closely with Whakatane District Council. The options presented above and the timeframe have been worked on together with Council.

Whakatane District Council have also advised the Club that if these negotiations have not been resolved by the time the ground lease expires the ground lease will be given a short term extension.

Who will make the decision?

Once Members have voted on the options presented, the Club will advise Whakatane District Council what its preferred option is.

Whakatane District Council will then review the Club's feedback and consider other information including from consultation with other stakeholders. Council's elected members will then make a decision on what it does with the land at 2 The Strand including whether it will grant a new lease to the Club.

Will staff lose their jobs?

No. Staff can be assured that their jobs are not at risk during this process.

Is the Club closing down?

No. There is no intention to close the Club down. We have been around since 1966 and intend for the Club to grow stronger.

If the building moves on site what will change, will we still have the same facilities and access to the wharf?

In Option 2, relocation on site, the current investigation involves the existing Club building being relocated on site to allow the floodwall to be built between our building and the wharf. To comply with the new minimum building floor level, and for the current ground floor to see over the wall, the building is likely to be situated on an elevated foundation. We expect to retain all our current facilities and there may be opportunities for improvements. Access and fire egress will look different to the current configuration.

Access to the wharf is a priority and we are working to ensure the current level of access is maintained.





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