

# Welcome to the Whakatane Sportfishing Club

*“The strength of a non-profit ought not to be measured by the size of its budget but the power of its partnerships.”*

Information sharing on Lease and Repositioning  
November 24 revision



11<sup>th</sup> April 2024

Whakatane District Council  
Private Bag  
Whakatane  
Attn Steve Perdia

Dear Sir

The Whakatane Sportfishing Club (WSFC) hold a ground lease located at 2 The Strand Whakatane, the current lease with the Whakatane District Council (WDC) is due to expire in October 2024 and a 12-month extension (October 25) will be requested by the WSFC allowing all parties to continue to review and come to a mutual agreement on any future lease agreement.

The WSFC has been asked by the WDC to consider what options are available and best suited to the WSFC for any future lease arrangements on 2 The Strand.

After considerable consultation with the clubs members and reviewing all options previously tabled, the WSFC have 2 options available:

1. Preferred option: Relocating the existing club buildings to a new elevated site on 2 The Strand.
  - a. This is the preferred option and affords the WSFC a secure future outside of any potential flood risk.
  - b. The WSFC have consulted and discussed this option widely with club members, our insurers, business analysts, engineers and various other experts, the overwhelming conclusion is that this is the only practical solution to ensure the safety of the club assets and the long-term viability of the WSFC.
  - c. The WSFC see this an opportunity to grow the WSFC facilities into a hub for all marine activities in the district and provide a quality facility for the community for the next 30 years and beyond.
2. Remaining in the current location unchanged.

Caveats on option 1

- The WSFC does not have the funding available to undertake this option and would be reliant on funding from outside sources such as the WDC.
- The WSFC will not be able to follow our preferred option without full financial assistance.
- The issuance of a resource consent prior to any lease agreement being implemented.

Caveats on option 2

- Agreement from WDC that the WSFC can continue to occupy the leased land without requirement to relocate at any time during the complete period of the lease agreement.

For both options, the WSFC would look to secure a 30-year lease with the WDC ensuring the long-term viability of the WSFC and our ability to serve the community well into the future.

Regards,

Heyden Johnston  
President – Whakatane Sportfishing Club

Hi Vanessa,

The WSFC held an open members meeting on **8 August 2024** to provide members with information around our current lease and relocation options, this included the decision by the WDC to not support the repositioning of the WSFC.

During that meeting the WSFC committee was given a clear mandate by a significant majority of members to explore every opportunity available to ensure the long term viability of the club, this included reviewing the relocation option.

The WSFC committee reviewed our position and concluded at a meeting held on 17/9/24 that we would provide an alternative proposal to the WDC.

The WSFC respectfully request that the WDC reconsider their decision to not provide support for the repositioning of the WSFC.

The WSFC have considered the original proposal supplied to the WDC and realise this was not in the best interests of the Whakatane district and its rate payers to request that all costs be borne by the WDC. To that end the WSFC would like to propose that clause 18.3 of our current lease be considered to allow a funding mechanism for the repositioning of the club outside the flood zone.

The WSFC will endeavour to raise funding for the balance of the costs to complete the relocation, understanding that time is of the essence and ensuring that the repositioning project can be successfully completed for the benefit of the community and the district, the WSFC would like to request that the WDC consider a funding option that would ensure all costs could be covered to complete the project. This funding option could be by way of a structured loan that was tied to our lease agreement. The WSFC is not asking for a handout, rather a funding back up to ensure the project can be completed successfully in the extremely short time frame available without risk of stalling or at worst not being completed.

The WSFC have further considered the timing difficulties in obtaining funding and the minimum requirements to obtain any funding, one significant factor is the provision of a long term lease agreement to be attached to any funding applications or proposals, this is imperative to provide assurance to any funder that the WSFC has a long term future and will be able to either repay loans or continue to provide community based services that substantiate any funding, this has been identified as a substantial risk to any potential relocation project and as such the WSFC respectfully ask the WDC to consider offering a backup funding option to ensure we have confidence that we can progress forward knowing we can provide a successful outcome for the community .

The WSFC realise that the future of the club is completely reliant upon our repositioning outside of the flood zone, we can only achieve this by working with the WDC to ensure the best outcomes for our members and the community.

The elected members of the WSFC have consulted openly with the members and the members have overwhelmingly voted for the committee to move forward on their behalf to provide the best solution for the club. We are positive that with the WSFC and the WDC working together to provide a solution we can ensure the longevity of the club for the benefit of everyone.

Please feel free to make contact if you have any questions.

Nga Mihi  
Heyden Johnston  
WSFC  
President

Hi Heyden,

I confirm that Council considered this matter on the 17<sup>th</sup> October and elected members have accepted the club's proposal. Specifically this means;

- Aligning the floodwall to the riverside of the site.
- No new lease will be granted to the club in the current location (noting we have agreed to extend the current term until the site is required for BOPRC floodwall works)
- Council will pay the Club the compensation required under clause 18.3 of the lease
- If the Club relocates their building, Council will grant the Club a new ground lease on the Western side of the property at 2 The Strand, behind the floodwall.
- The Chief Executive can, if required, negotiate a loan agreement to cover any shortfall in funding if the Club cannot raise the full funds required to move their building within the timeframe allowed by BOPRC.

We understand that the intention from the club is for members to consider and vote on this matter. We look forward to hearing from you once this has occurred.

Ngā mihi,

**Vanessa Fergusson**

MANAGER STRATEGIC PROPERTY

*KAIWHAKAHAERE HUA RAWA*

# Lease discussion timeline

- |              |   |
|--------------|---|
| April 2024   | WSFC lease committee request WDC to provide funding to assist with repositioning the club as preferred option.  |
| July 2024    | WDC decline to provide financial assistance and club is to remain in current location.  |
| August 2024  | WSFC holds open meeting to discuss current situation, members vote overwhelmingly to review and further investigate the option to relocate with costs and implications for both options.  |
| August 2024  | WSFC AGM  |
| August 2024  | WSFC executive meet with WDC to discuss lease and we are offered a 5 year term, removal of any compensation clauses and no guarantee's for future lease after 5 years.  |
| August 2024  | WSFC full committee agree to re-propose the re-positioning option to the WDC. This is the same as the previous proposal although will now include the WSFC endeavouring to raise funding to assist with relocation.   |
| October 2024 | <p>In response, the WDC no longer offers the WSFC a lease in our current location, although extends lease until BOPRC require the land for the flood wall. (approx. 12 months)</p> <p>Offer compensation as per clause 18.3 in lease</p> <p>Offer new lease in repositioned location</p> <p>Offer financial assistance by way of a loan to ensure the club relocation can be completed.</p> |

# Insurance

**Insurers manage higher risks** in a number of ways:

1. by imposing excesses;
  2. increasing premiums;
  3. restrictions to cover
- or a combination of the above.

They may also **completely decline cover.**

We have seen some of those with the Club's current insurance arrangements.

One of the biggest risks to the Club in the long-term is the mismatch between the club's lease arrangements and the ability to secure long-term insurance.

**Property insurance is renewable every year, no guarantees year from year** and it could become more difficult to get insurance for the Club building (on favourable terms) if it stays in its current position and a flood wall is built on the town side.

Current rebuild valuation of circa \$5m

# Funding opportunities

- Currently we are unable to obtain funding from any organisations
- We are unable to obtain funding for repositioning currently for various reasons
- Remaining in current location will prevent us from ever obtaining funding
  - Short lease
  - Insurance restrictions
- Repositioning will allow us to apply for multiple grants to help maintain the building, upgrade security system, replace furniture, air-conditioning, AV equipment, carpets, kitchen equipment and much more. All impossible if we stay in the current location with a short lease.



# Associated Business risks

- Governance
- Management
- Staff retention
- Club membership
- Member enjoyment
- Operational costs
- Maintenance costs

Current location

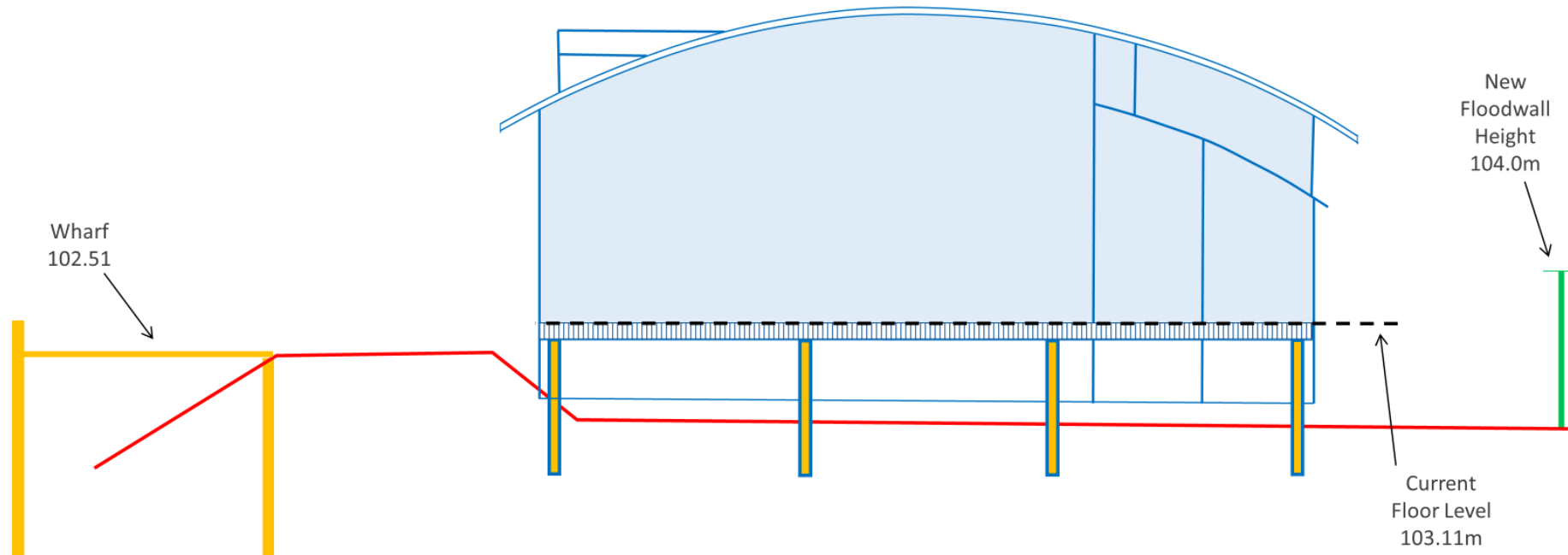


Green line shows proposed flood wall



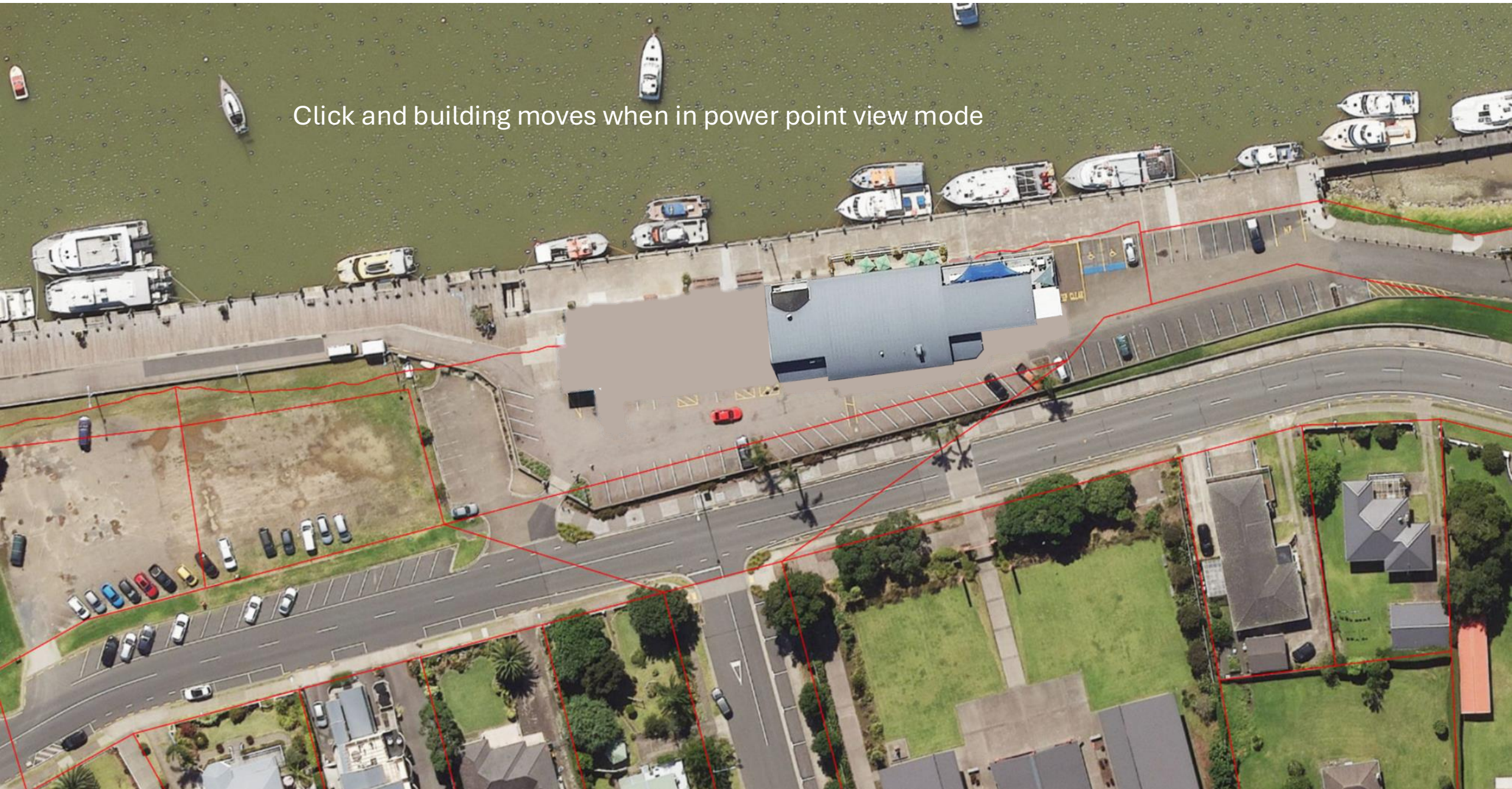
Locations of buildings and floodwall are for conceptual and illustrative purposes only. The illustrations should not be considered to scale and should not be used for precise measurements or calculations.

## Location of flood wall if we do not move

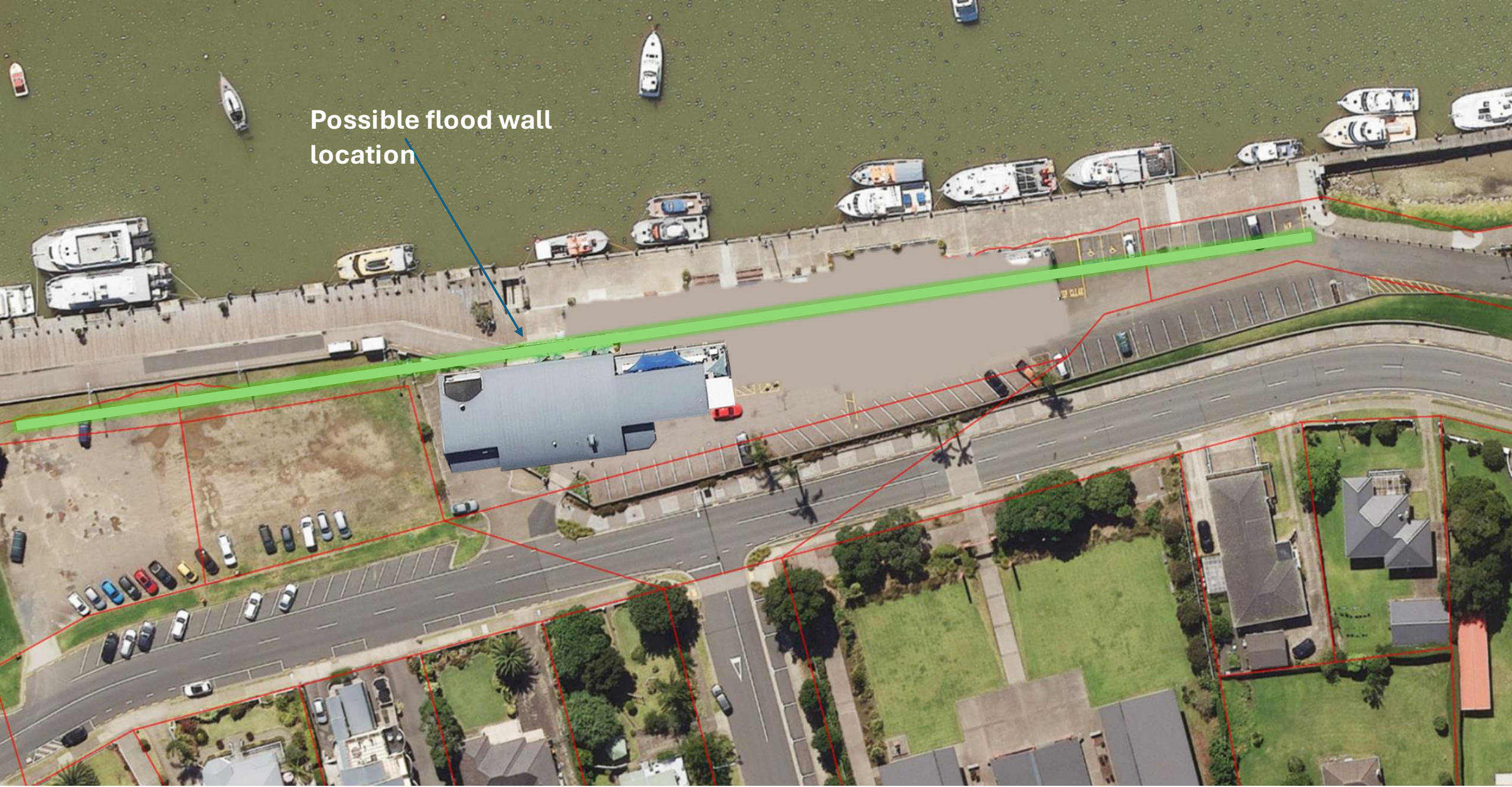


Locations of buildings and floodwall are for conceptual and illustrative purposes only. The illustrations should not be considered to scale and should not be used for precise measurements or calculations.

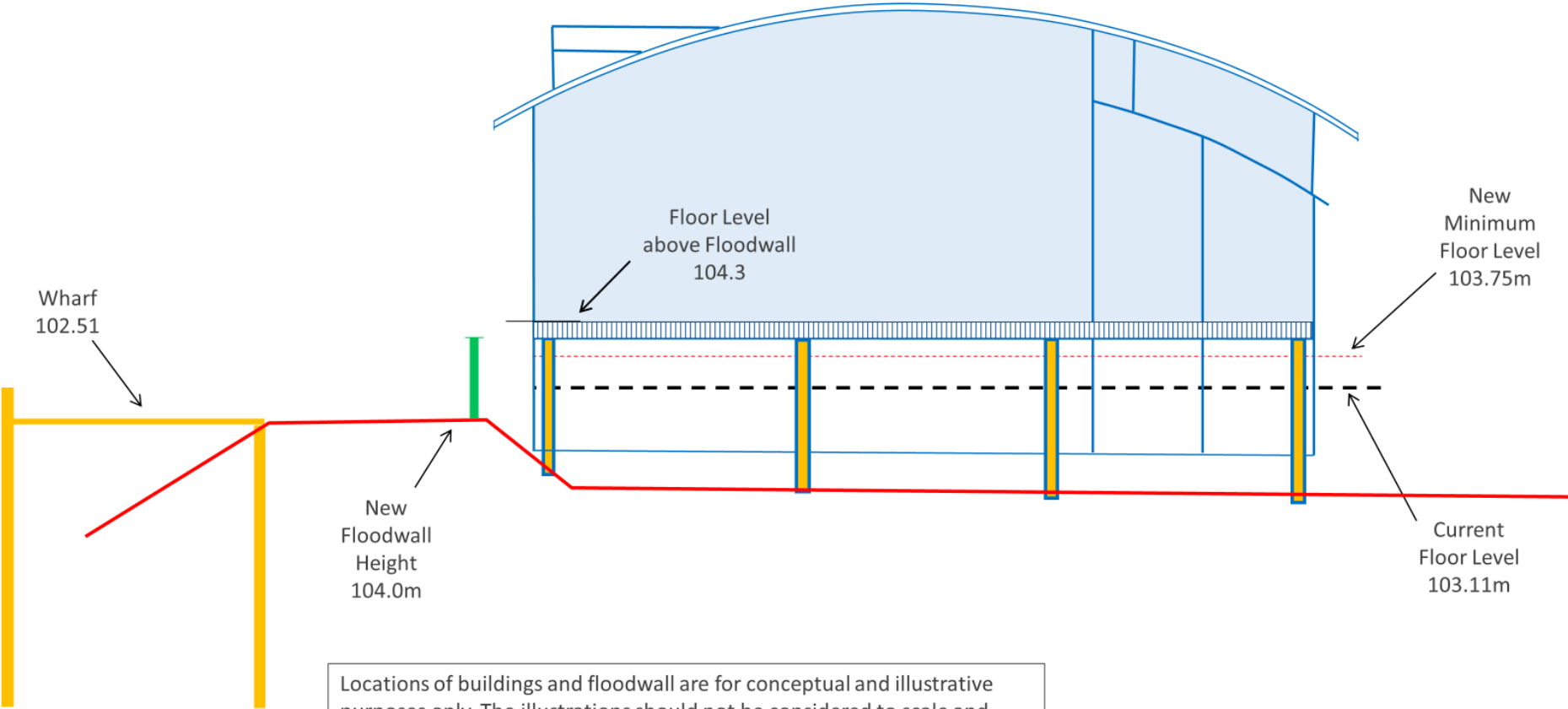
Click and building moves when in power point view mode



Possible flood wall location



# Flood wall location if we move



Locations of buildings and floodwall are for conceptual and illustrative purposes only. The illustrations should not be considered to scale and should not be used for precise measurements or calculations.



Outdoor area



Option 1, Re-position out of flood zone

Option 2, Stay as is, where we are, no change.

# Advantages of repositioning

- Out of flood zone
- Improved location and view
- New long term lease for land
- Opportunity for business growth
- Improved outdoor area with decks and indoor outdoor flow
- Integrated promenade making the area a destination
- Significantly improved insurance risk
- Opportunities for funding from various sources

# Disadvantages for repositioning

- Cost
- 3 months loss of trading

# Advantages for remaining in current location

- No immediate cost to club
- No change in location or view
- No down time and continuity of business

# Disadvantages of remaining in current location

- No lease or very short lease with no right of renewal
- Potential for flooding
- Significant risk to insurance or at least a very real possibility of not being able to afford insurance
- Unable to lease equipment
- Unable to apply for grants for funding
- Potential for complete loss of club buildings
- Council buy back clause in lease removed with no benefit to club

# FAQ's

## **Can the building be moved**

- The building has been assessed and yes it can be successfully moved

## **What happens to our neighbours (Gibbos and Ice man)**

- It is up to the owner of the neighbouring land and buildings (WDC) what happens, the WSFC will work with both the WDC and our neighbours to provide the best outcome.

## **How can we repay any loan**

- Our financial position is strong enough to repay a loan, we will have to work hard and grow the business.

## **How will the club operate while it is being relocated**

- The club will look to find alternative premises to operate from

## **When will the club be moved**

- Timing is ridiculously short, ideally, we would like to see the club repositioned within 12 months.

# Option 1:

# Cost

- Budget estimates

• Preparation and relocation works	\$ 45,000.00
• New Foundations	\$ 1,184,700.00
• Building move	\$ 327,890.00
• Sub Total	<b><u>\$ 1,557,590.00</u></b>

• Admin costs, P &G, Margin, Contingencies	\$ 609,494.00
• Total	<b><u>\$ 2,167,084.00</u></b>

• Optional extras, New deck area	\$ 240,420.00
----------------------------------	---------------

- Costs no assigned

- Resource consent, building consent and engineering
- Entrance and access changes
- Pool room reinstatement after repositioning

Ref	Description	Unit	Qty	Rate	Total Cost\$
<b>A</b>	<b>Preparation and Relocation Works</b>				<b>45,000</b>
1	Relocate all existing non-fixed items in the building and stored off site	Item			
2	Disconnect and protect all existing building services	Item			10,000
3	Dismantle and protect top level shade sails and supporting posts, deck roof and t	Item			
4	Decommission and protect existing lift and ram	Item			5,000
5	Inspect and make good existing plumbing system	Item			15,000
6	Inspect and make good existing drainage system	Item			15,000
7	Dewatering and dry the ground beneath the building	Item			
	<b>Total</b>				<b>45,000</b>
<b>B</b>	<b>New Foundation Works</b>				<b>1,184,700</b>
8	Bulk excavate to reduce levels; 2.5m deep	m <sup>3</sup>	2,901.0	50.0	145,050
9	Backfill with reinforced gravel raft; 2.0m deep	m <sup>3</sup>	2,295.0	120.0	275,400
10	Reinforced concrete slab; 500mm deep	m <sup>2</sup>	1,019.0	750.0	764,250
11	300mm SED timber piles (supplied by building mover)	No	66.0	500.0	
12	Allowance for bracing between timber piles (supplied by building mover)	Item		20,000.0	
	<b>Total</b>				<b>1,184,700</b>
<b>C</b>	<b>Building Move (direct quote)</b>				<b>327,890</b>
13	Dismantle existing base cladding	Item			
14	Install and weld steel sections to existing portals	Item			
15	Install supporting steel and timber beams beneath floor	Item			
16	Install timber packers between bearer pairs and remove bolted connections betw	Item			
17	Install ground penetration mats under building	No	40.0	500.0	
18	Lift existing building by hydraulic lifting systems	No	40.0	600.0	
19	Install rollers and skates to building	No	40.0	500.0	
20	Winching towards the road and upstream	Item			
	<b>Total</b>				<b>327,890</b>
	<b>SUB TOTAL</b>				<b>1,557,590</b>
PG	Preliminary and General (12%) (applied to foundation cost)	%		12%	<b>142,164</b>
MG	Margin (8%) (applied to foundation cost)	%		8%	<b>106,149</b>
CN	Contingencies (20%) (applied to all costs)	%		20%	<b>361,181</b>
	<b>TOTAL</b>				<b>2,167,084</b>



Ref	Description	Unit	Qty	Rate	Total Cost\$	\$
<b>D</b>	<b>Consenting and Additional Costs</b>					
	<b>Resource Consent:</b>					<b>0</b>
	Preparation of application and assessment of environmental effects					
	Consultant reports					
	Application fee and processing contingency					
	<b>Total</b>					<b>0</b>
	<b>Building consent, Design and Engineering:</b>					<b>0</b>
	Architect and project manager					
	Structural, Civil, Geotechnical, & Fire engineering					
	Preparation of building consent application					
	Building consent fees and levies					
	Construction supervision and monitoring					
	<b>Total</b>					<b>0</b>
	<b>Entrance and Access:</b>					<b>0</b>
	New main entrance stairs					
	Access for people with disabilities					
	<b>Total</b>					<b>0</b>
	<b>Fire egress:</b>					<b>0</b>
	Determined by fire engineering report					
	Extension to existing steel fire stairs					
	<b>Total</b>					<b>0</b>
	<b>Reassembly of sunroom &amp; sun shades:</b>					<b>0</b>
	The sunroom at eastern ground floor end of building will be disassembled for the move and must be rebuilt following placement of the building.					
	Reinstatement of the sunshade and support poles					
	<b>Total</b>					<b>0</b>
	<b>Testing and recommissioning of facilities</b>					

# Cost Summary

Budget cost to reposition	\$ 2,407,000.00	
Council compensation	\$ 1,600,000.00	
Balance	\$ 807,000.00	Potential borrowing

## **Potential cost reductions**

Foundations currently	\$1,184,000.00
Local Quote	\$ 576,000.00
Difference	\$ 608,000.00

Deduct this from potential borrowing  
\$ 807,000.00 less \$ 608,000.00

New potential borrowing or funding  
Balance **\$ 199,000.00**

# Q and A session on Lease and Repositioning

Information sharing on Lease and Repositioning  
November 24 revision

