

AGENDA ITEM 16   BOARD DECISION PAPER	
<b>To:</b>	Board
<b>From:</b>	Mark Lambert, EGM Integrated Networks
<b>Reviewed:</b>	Dean Kimpton, Chief Executive
<b>Date:</b>	28 November 2023
<b>Title:</b>	<b>Devonport Wharf – Deeds of Lease Office Tenancies</b>
Reason for inclusion in closed board meeting session	
1. Please state why this report is being considered in the closed board meeting as opposed to the open board meeting. Please refer to the 'reasons for confidentiality' and provide a direct reference to one of these reasons.	To protect commercial interests
2. Please provide an estimated date for release of this report.	31 October 2024

### Aronga / Purpose

- To seek approval to negotiate new Deeds of lease for two office tenancies at Devonport Wharf and delegation of authority to the Chief Executive to approve the final terms and conditions of the Deeds of Lease for signature by two Board members.

### Tuku mana / Delegation

- Deeds are required to be executed by at least two members of the Board.

### Te tūhunga / Recommendation

That the Auckland Transport Board (board):

- Approve Auckland Transport negotiating two Deeds of Lease for the central and south end office tenancies at Devonport Wharf.

- Delegate to the Chief Executive authority to approve the final terms and conditions of the Deeds of Lease.
- Appoints two directors to execute the final Deeds of Lease.

### Te whakarāpopototanga matua / Executive summary

- Auckland Transport (AT) has two office tenancies on Level 1, Devonport Wharf referred to as the central and south end office tenancies (Premises). The existing tenancy agreement for the central offices expires on 31 December 2023 and the south end offices are currently on a periodic month to month tenancy. In order to secure AT's revenue stream for both Premises it is recommended that AT negotiate new Deeds of Lease.
- The central offices have a net lettable area (NLA) of 287 square metres and the south end offices have a NLA of 337.3 square metres. Independent valuation advice has assessed the market rent to be \$83,060 and \$117,332 per annum plus GST respectively.
- The Premises are not required for AT's corporate accommodation strategy and the Council Controlled Organisations (CCOs) property optimisation strategy.
- This report seeks board approval to negotiate new Deeds of Lease for the Premises and to delegate approval of the final terms and conditions of the Deeds of Lease to the Chief Executive.
- Delegated authority for the Chief Executive to approve the final terms and conditions of the Deeds of Lease will allow AT to be agile through the lease negotiation process and will allow commencement of the tenancy and rental income once final lease terms have been agreed.

### Ngā tuhinga ō mua / Previous deliberations

- No previous deliberations related to the Premises.

### Te horopaki / Background

- Devonport Wharf is a key transport hub on the North Shore providing ferry services to Central Auckland. Devonport Wharf comprises a ground floor concourse with five retail tenancies and two offices tenancies (central and south end) on Level 1, accessible by stairwell.

### Te hononga ki te “Statement of Intent 2023 - 2026” / Alignment to Statement of Intent 2023 - 2026

10. Signing new Deeds of Lease at the current market rental will secure AT’s revenue stream for the Premises and delivers value for money.
11. The offices increase the economic activity at Devonport Wharf and contribute to a vibrant urban environment in the surrounding Devonport village, benefiting the nearby businesses. The offices also provide employment opportunities at a key public transport hub.

### Me mōhio koe / What you need to know

12. The existing tenant at the south end offices, Takarunga Limited is on a month to month tenancy and is not willing to negotiate a longer term lease. AT has therefore commenced an Expressions of Interest (EOI) procurement process and engaged market leading real estate agents in Devonport Village, Harcourts to find a suitable replacement tenant for the south end offices.
13. The existing tenant in the central offices, Technology Investments Network Limited (TIN) has indicated it is willing to negotiate a new lease to remain at the Premises. If negotiations with TIN are unsuccessful, AT will commence an EOI process to procure a new tenant for the central offices.
14. AT is proposing lease terms of three years as the future Devonport Stage 3 project works may impact the stairwell access to the Premises and create significant disruption to tenants. The project scope includes redevelopment of the southern end of Devonport Wharf and installation of canopies on the exterior gangway on the west side of the wharf. This lease term provides AT flexibility to make any tenancy changes if required by the future project.
15. Other uses for the Premises such as a restaurant or retail space are not considered commercially viable in the current market conditions. Unit 7 on the ground floor of Devonport Wharf, being 40.5 square metres of retail space is currently vacant due to weak demand for retail premises. AT is exploring other activation opportunities for this Unit 7.

### Ngā ritenga-ā-pūtea me ngā rauemi / Financial and resource impacts

16. Independent market valuation advice has assessed the market rental for the central and south end offices to be \$83,060 and \$117,332 respectively. AT will charge outgoings in addition to the market rental, estimated to be \$65 per square meter.
17. The cost of real estate agency fees to procure a new tenant is estimated to be \$17,500 plus GST per tenancy.
18. AT has budgeted for this revenue and cost in the Public Transport Services budget for Devonport Wharf.

### Ka whaiwhakaaro ki te Tiakanga Taiao / Climate change and sustainability considerations

19. This proposal does not have any climate change impacts.

### Ngā whakaaweawe atu anō / Other impacts

Relationship	Consulted Y/N	Views and Perspectives Received
Māori	Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>	Māori engagement has been informed of the EOI process for the Premises.
Elected members	Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>	Elected members have been informed of the EOI process for the Premises.
Council Controlled Organisations	Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>	AT has consulted with Auckland Council, Eke Panuku and Tatakī Auckland Unlimited on the Premises and confirmed no requirement under the CCO Optimisation Strategy.

### Ā muri ake nei / Next steps

20. AT will progress the EOI process and negotiate new Deeds of Lease with the preferred tenants.



**Te whakapiringa / Attachment**

Attachment #	Description
1.	N/A

**Te pou whenua tuhinga / Document ownership**

Submitted by	Recommended by	Approved for submission
Jane Small <b>Group Manager Strategic Programmes and Property</b>	Mark Lambert <b>Executive General Manager Integrated Networks</b>	Dean Kimpton <b>Chief Executive</b>
		

