

Report No:	RCN11-05-08
File No:	
Date:	10 May 2011
Decision Required	

REPORT SUMMARY

Report to: Tasman District Council
Meeting Date: 19 May 2011
Report Author Chief Executive
Subject: **Richmond Office Accommodation**

EXECUTIVE SUMMARY

Council currently has insufficient office space to adequately house its Richmond staff. Overflow staff are currently housed in temporary accommodation that will not be available after June 2012. A proposal to extend the existing building was placed before Council in February 2011. At that time, the Council sought further consideration of all other options. This report canvasses those options and recommends that the Council proceeds to seek tenders for the extensions estimated to cost \$2.75 million, as presented to Council in February 2011.

RECOMMENDATIONS

THAT the Tasman District Council receives the Richmond Office Accommodation report RCN11-05-08 and;

Directs staff to proceed to put to tender the extension to the north end of the building, at an estimated cost of \$2.75 million, as recommended in the Tasman District Council Property Manager's report of February 2011(RCN11-02-08).

Directs that the acceptance of any tender be subject to approval by Council.

Requests that Council staff continue to investigate the requirements and costs of appropriate earthquake strengthening of the old Waimea County Council administration building (north end of current complex) and that a report on the earthquake strengthening requirements be presented to Council in the near future with a view to including the work in the 2012/2013 Long Term Plan.

Requests that Council staff continue to liaise with Civil Defence staff regarding the possibility of a regional Emergency Operations Centre being constructed as part of a long term solution to Council's own needs for a Council Chambers, large meeting room and a staff training room, and that a report be presented to Council in due course for possible inclusion in the 2012/2022 Long Term Plan.

Report No:	RCN11-05-08
File No:	
Date:	10 May 2011
Decision Required	

Report to: Tasman District Council
Meeting Date: 19 May 2011
Report Author: Chief Executive
Subject: **Richmond Office Accommodation**

1. Purpose

- 1.1 This report is a response to a Council resolution of 23 February 2011 which sought further investigations into alternative accommodation options for Richmond staff.

2. Background

- 2.1 As the District's population has grown, the size of the Council has also increased. In addition, new functions have been added to Council's operations, either in response to local demand or as a result in a shift in responsibility to local government by central government. The end result has been an increase in staff numbers that has exceeded the safe and effective capacity of the present Council premises in Richmond to house the number of staff now employed.
- 2.2 The last major upgrade and extension of the Richmond office premises was dealt with by Council over a three-year period between 2003 and 2006. At that time a proposal was placed before the Council in 2003 to provide for sufficient additional space to satisfy expected staff needs for the next eight years. The extensions were completed in 2006.
- 2.3 Eight years on from the original 2003 date, the Council is currently in a situation whereby numbers of staff are housed off-site in temporary accommodation as there is insufficient main office space. In addition, within the Richmond site many staff are crammed into inadequate office space.
- 2.4 The impending accommodation shortfall has been well signalled to the Council. A formal report was presented to the Council in February 2010. At that time the

Council expressed a strong desire for a solution that would last at least ten years. A suite of proposed extensions to the main office were approved in principle and staff were instructed to report back to Council with a developed design and firm costings (CN10-02-18).

- 2.5 The Council also asked that any other options be followed up, as they arose. Subsequently, Council staff have spent time attempting to negotiate for the purchase of a neighbouring property (commonly known as the White House), but these negotiations proved unsuccessful.
- 2.6 In June 2010 the Council's Manager, Property Services, sought funding in the 2010/2011 Annual Plan for additions to Richmond Main Office Complex. At that time the Council approved the proposed two-storey extension in principle, on condition that the loan funding required for the project was not drawn down until January 2011. (CN10-06-29).
- 2.7 During the latter part of 2010, considerable effort was put into developing the most-effective extension solution. In February 2011 the Council's Manager, Property Services, presented a design and costing for the proposed two-storey extension and sought Council approval and confirmation of the funding as per the previous Council resolution.
- 2.8 In the event the Council did not accept the report and the Manager, Property Services' recommendation. Instead the Council resolved:

*“THAT the Tasman District Council agrees to let the matter of the Tasman District Councils Main Office complex accommodation proposals lie on the table pending further investigations into alternative accommodation options.
THAT the Tasman District Council approves continual development of working drawings from Redbox Architects.
THAT the Tasman District Council staff continues to urgently explore all reasonable alternatives that would allow a 12 to 24 month deferral of the extensions.
THAT the Tasman District Council staff explore all opportunities to raise capital from other sources.”* (CN11-02-17)

3. Present Situation/Matters to be Considered

- 3.1 Work has continued on the drawings for the two-storey extension proposal. These should be completed in the near future.
- 3.2 Discussions have been held with the landowners of the property currently rented to temporarily accommodate staff off-site. The tenancy situation is fluid. The landowner wishes to develop the site and is pursuing his own development proposals. To date, none of those proposals have been confirmed but that situation could change at any time. In the meantime he is happy to extend the current short-term arrangements. The maximum extension currently available could carry through for a further twelve months to June 2012. However, should the developer continue to experience difficulties bringing his development proposals to fruition, it could be possible that an additional extension could be arranged.

EARTHQUAKE REQUIREMENTS

- 3.3 The recent Canterbury earthquake has brought into sharp focus the need for the Richmond office premises to be able to meet the latest earthquake standards.
- 3.4 Some explanation of earthquake standards is appropriate. Earthquake standards are measured against the current building design standard. A hierarchy of risk is then established. A high risk potentially earthquake prone building is one where the strength is less than 33% of the new building standard. A medium risk potentially earthquake prone building is one where the strength is at least 34% of the new building standard but is less than 67% of the new building standard. A building which has a strength greater than 67% of the new building standard is deemed to have low risk.
- 3.5 Buildings are also separately assessed in terms of their functionality after an earthquake event. A building which will sustain some damage in an earthquake but not collapse and thereby threaten the lives of any persons inside the building is deemed Level 2, and meets the medium risk category described in paragraph 3.4 above. However such a Level 2 building might be unusable after a major earthquake event. A Level 4 building is one which must not only survive the earthquake keeping all those inside the building safe, but also be able to carry on functioning after an earthquake. Level 4 buildings meet the low risk category described in paragraph 3.4 above.

- 3.6 Councils are required to be able to continue to provide services post a major earthquake event. Often the core services functions are also required in addition to Civil Defence capacity. Legally this means that sometime between now and 2023; all the buildings must be strengthened to at least the minimum 67%, Level 4 standard.
- 3.7 The three buildings that comprise the Richmond complex were last assessed in 2009. At that time the overall assessment was that the buildings met 40% of the new building standard. This 40% figure appears to have been reached on the basis of the weakest point in the three building complex.
- 3.8 The reality is that two of the three buildings that make up the complex were constructed post 1976 and therefore exceed the 67% of new building standard which is the level of strength required under the Council's own code. The three storey section which houses Corporate and Engineering is the newest and probably the strongest single building. The two storey building at the southern (Oxford Street) end is not quite as new but is more than up to the 67% standard. The 40% figure appears to apply to the front (north) building which is the two storey Waimea County Council administration building constructed in 1962. This building has what is known as 'column and beam construction'. This type of construction is similar to that used in the CTV building in Christchurch.
- 3.9 In its original 1962 form, this north building would have fallen into the high risk category. However in 2005/06 when the last upgrade of the Richmond office was undertaken, three sheer walls were added on the ground floor. As a result of that work, the building strength rose from something less than 33% of the new building standard to the current 40% of the new building standard. This means that the building categorised as a 'Level 2 building', and may be unusable after a major earthquake event.
- 3.10 After consideration of all of the foregoing it is possible to establish a reasonable criteria for the standard of buildings that the Council should have available in Richmond. The first priority should be the protection of staff. The Council's own policy requires that the buildings should be brought up to 67% or more of the new building standard criteria by 2023. Following Council's own rules this is the minimum. The second consideration is then the degree to which the building can function post earthquake. Obviously there is a range within the measures of 67% through to 100% compliance with the new building

code. However we are assured that buildings that have been brought up to the 67% or better figure appear to have survived the Christchurch earthquakes well.

- 3.11 Given that any new extension would be at 100% of the standard and that the other two buildings in the complex already exceed the 67% standard, it would seem reasonable to commit to upgrading the old Waimea Council building from its present 40% standard to a minimum of the new 67% figure. This would ensure that the entire council complex should be operational after a major event.

CAR PARKING

- 3.12 Should any building consent be sought for extensions to the present buildings on the existing titles, this will trigger a requirement for additional car parking. This requirement can be addressed in several different ways. The purchase of other property in the vicinity can be considered; Council already owns some nearby houses where the sites could be cleared for parking. Council could also provide 'cash in lieu' payments to itself as an alternative to land. Council could secure a consent to allow for reduced parking.
- 3.13 The present policy sets a high hurdle for car parking requirements. This policy has been the subject of much criticism by developers who believe that it sets an unwarranted standard that reflects poor urban design and outdated thinking. Council staff intend to address these concerns as part of a work programme associated with the upgrade of the Richmond CBD. Any consent application for reduced parking would need to reflect overall CBD intentions and be demonstrably fair in comparison to other developments.

CIVIL DEFENCE REQUIREMENTS

- 3.14 Tasman District Council and Nelson City Council operate a joint Civil Defence emergency management (CDEM) group. The present CDEM operations centre is currently housed in Nelson in premises that have been deemed unsatisfactory. Both Councils' Draft Annual Plans for 2011/2012 include additional funding to allow for the rent and fit out of an Emergency Operations Centre (EOC).
- 3.15 This situation has given rise to the possibility of including a multi function room in any future upgrading of the Tasman District Council Richmond complex. While no detailed planning has been undertaken at this point, there does seem to be a possible long term solution available should the Tasman District Council

commit to a long term building plan that upgrades the present sub-standard Council Chamber into a multifunction Council Chamber, a large meeting room, a staff training room, and a fully equipped regional EOC, associated with a low risk large capacity council complex.

- 3.16 Such a multipurpose facility is not critical to the present immediate need for additional office space for Tasman District Council's normal operations. However, it is appropriate to draw the Councillor's attention to the need, not only to plan for office accommodation, but also to plan for the other long term accommodation needs for the Council.
- 3.17 This report only seeks that the Council note that once the immediate office accommodation situation is resolved, it will be necessary for the Council to consider the other long term needs. It is expected that this consideration of other needs will be part of the Council's 2012/2022 Long Term Plan process.

4. Financial/Budgetary Considerations

- 4.1 The current presumption is that Council will fund any new accommodation capital investment from borrowings. The Council resolution of February 2011 requested that staff explore all options to raise capital from other sources.
- 4.2 The only alternatives to Tasman District Council borrowings are the avoidance of capital investment by leasing premises from other parties, or the sale of other Council assets.
- 4.3 Leasing options are covered in **Appendix A** to this report. While leasing avoids the initial capital investment increases, any annual operating costs would be higher as any lessor has to include a profit margin. In addition, annual costs will escalate at least in line with inflation. At the end of the lease the Council owns nothing and must start again. While such a scenario may be attractive to tax paying entities who shift premises according to market demand, such a scenario is not attractive to a non-taxpaying and largely 'fixed' entity such as a Council.
- 4.4 Council has few readily saleable assets that would yield the full value in the current repressed property markets. Staff believe that the wider interests of ratepayers would not be well served by forced sales.

5. Options

- 5.1 Following the February 2011 Council resolution staff identified 16 options or sub options. A team of corporate staff have completed an evaluation of each option.
- 5.2 The corporate report compared costs over a 20 year period and made assessment of effects on service levels, productivity, and organisational culture, to establish a ranking order for the 16 possibilities.
- 5.3 This evaluation process concluded that proceeding with the originally proposed \$2.75 million (estimated) extension of the present buildings represents the best value for money over a 20 year term.
- 5.4 This corporate evaluation made no allowances for short term costs. During the next 12 months Council is able to continue to use the temporary accommodation currently rented on the other side of Queen Street. However if permanent accommodation has not been constructed or leased elsewhere by January 2012, Council literally has no where to go. Should that stage be reached, Council would probably be forced to take over the existing Council Chamber and associated meeting rooms for office accommodation. All Council meetings and other meetings would have to be held off-site. This would be extremely disruptive, expensive and not sustainable over time.

6. Evaluation of Options

- 6.1 Council originally set out to provide a long term solution that would be a cost effective answer for the next ten years. Proceeding with extensions on the existing Tasman District Council owned land provides the best value for money of the next 20 years.
- 6.2 The extension plans not only provide the space required, but they do so in a manner that enhances the appearances of the present buildings and improves functionality.
- 6.3 The present contracting market is extremely competitive and Council can expect that a tender process at this point in time will be very attractive.
- 6.4 Letting of a sizable construction project will be of some assistance to a struggling local industry.

7. Timeline/Next Steps

- 7.5 While this report is primarily concerned with the creation of sufficient office accommodation space to meet Council's operational needs, that in turn creates an opportunity to address the need to earthquake strengthen the old Waimea County Council (north) building, and provide suitable Council Chambers, and a fit for purpose regional EOC. Should the Council proceed with the proposed extension on the existing site, the building would not be complete and ready for occupation until June 2012.
- 7.6 This would allow staff to vacate the existing north building in July 2012 in order that it can be strengthened. Late in 2012, the upgrading of the southern end of the main building to modern open plan standards could be completed.
- 7.7 In the 2013/2014 year, it may be then possible to rebuild the existing Council Chamber areas with a multipurpose Council Chamber, large meeting room, staff training room, and regional EOC.
- 7.8 The projects covered in 7.6 and 7.7 above would be subject to the 2012/2022 Long Term Plan process.

8. Significance

- 8.1 This is not a significant decision according to the Council's Significance Policy. Note also that the funding for the proposed extension is included in the 2011/2012 Draft Annual Plan.

9. Recommendation/s

- 9.1 That the Council directs staff to proceed to put to tender the extension to the north end of the main office building complex, at an estimated cost of \$2.75 million, as recommended the in the Tasman District Council Manager, Property Services' report of February 2011(RCN11-02-08).
- 9.2 That the acceptance of any tender be subject to approval by Council.
- 9.3 That Council staff continue to investigate the requirements and costs of appropriate earthquake strengthening of the old Waimea County Council administration building (north end of current complex) and that a report be presented to

Council in the near future with a view to including the work in the 2012/2013 Long Term Plan.

- 9.4 That Council staff continue to liaise with Civil Defence staff regarding the possibility of a regional EOC being constructed as part of a long term solution to Council's own needs for a Council Chambers, large meeting room and a staff training room, and that a report be presented to Council in due course for possible inclusion in the 2012/2022 Long Term Plan.

10. Draft Resolution

THAT the Tasman District Council receives the Richmond Office Accommodation report RCN11-05-08 and;

- 10.1 Directs staff to proceed to put to tender the extension to the north end of the main office building complex, at an estimated cost of \$2.75 million, as recommended the in the Tasman District Council Manager Property Services' report of February 2011(RCN11-02-08).**
- 10.2 Directs that the acceptance of any tender be subject to approval by Council.**
- 10.3 Requests that Council staff continue to investigate the requirements and costs of appropriate earthquake strengthening of the old Waimea County Council administration building (north end of current complex) and that a report on the earthquake strengthening requirements be presented to Council in the near future with a view to including the work in the 2012/2013 Long Term Plan.**
- 10.4 Requests that Council staff continue to liaise with Civil Defence staff regarding the possibility of a regional Emergency Operations Centre being constructed as part of a long term solution to Council's own needs for a Council Chambers, large meeting room and a staff training room, and that a report be presented to Council in due course for possible inclusion in the 2012/2022 Long Term Plan.**