

Report No:	RCN11-09-09
File No:	
Date:	22 September 2011
<b>Decision Required</b>	

## REPORT SUMMARY

**Report to:** Mayor and Councillors  
**Meeting Date:** 29 September 2011  
**Subject:** Main Office Building Complex Extensions  
**Report Author:** Jim Frater, Manager Property Services

### EXECUTIVE SUMMARY

In May 2011 the Council directed that the extensions to the Main Office complex be put out to tender. This has occurred, the tenders have been evaluated and the Tenders Subcommittee have recommended a preferred tender. This report recommends the acceptance of that tender in order that the extensions to the Main Office complex in Richmond may proceed.

### RECOMMENDATION

That the report be received.

### DRAFT RESOLUTION

**THAT the Tasman District Council:**

- 1 Receives the Main Office Building Complex Extension Report RCN11-09-09 and;**
- 2 Accepts the tender for the extension of Council's Main Office complex at 189 Queen Street, Richmond from Gibbons Construction for the sum of \$1,954,502; and**
- 3 Confirms the revised project budget as presented in report CN11-05-26.**

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## 1. PURPOSE

- 1.1 This report is prepared in accordance with Council resolution CN11-05-26 which approved the calling of tenders for extensions to the Main Office building complex and directed that the acceptance of any tender be subject to approval by Council.

## 2. BACKGROUND

- 2.1 There have been numerous reports to Council justifying the need for additional accommodation for staff based in Richmond and identifying options to resolve this. The most recent report was RCN11-05-08 dated 10 May 2011 which resulted in the following resolution CN11-05-26 being passed:

**Moved Crs Dowler/Norriss  
CN11-05-26**

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

- 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 in the Tasman District Council Manager Property Services' report of February 2011 (RCN11-02-08).**
- 2) Directs that the acceptance of any tender be subject to approval by Tasman District Council.**
- 3) Requests that Tasman District 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 Tasman**

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

- 4) Requests that Tasman District Council 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 Tasman District Council in due course for possible inclusion in the 2012/2022 Long Term Plan.**

**CARRIED**

- 2.2 In February 2011, a draft design and costings was presented to Council for an extension to the Main Office complex and the subsequent resolution (CN11-02-17) authorised the development of working drawings for the proposed extensions. The recommendation also requested staff to explore other reasonable alternatives that would allow a 12-24 month deferral of the extensions and explore opportunities to raise capital from other sources.
- 2.3 In June 2010, a report sought funding through the 2010/2011 Annual Plan process which was approved on the basis of a proposed two storey extension on condition that the loan funding required was not drawn down until January 2011. Resolution CN10-06-29 refers.
- 2.4 In February 2010 a report recommended short term solutions to resolve the accommodation situation and the Council requested that a solution should last for at least 10 years. Staff were requested to develop a suitable design and project estimates. Resolution CN10-02-18 refers.
- 2.5 Between 2006 and 2011, a number of alterations have been made to the Main Office complex to satisfy unforeseen growth. This has resulted in meeting and interview rooms being converted to office space and staff being moved off site, firstly to the Richmond Library building for a short period of time and latterly, the former Sky TV offices at 186A Queen Street, Richmond.
- 2.6 Contractor registrations for the proposed extensions were advertised on 28 May 2011 which resulted in five companies being invited to tender for the project. Tender documents were issued on 18 July 2011 and closed on 11 August. An analysis of tenders was subsequently undertaken and a meeting of the Council Tenders Subcommittee was held on 8 September 2011. The recommendation passed by the Tenders Subcommittee was "That the tender for the extension of Council's Richmond Offices at 189 Queen Street from Gibbons Construction for the sum of \$1,954,502 be confirmed as the preferred tender."

- 2.7 The budget approved for the project is \$2,725,000 which includes professional fees and Council costs.

### **3. PRESENT SITUATION/MATTERS TO BE CONSIDERED**

- 3.1 Eighteen staff are currently accommodated at 186A Queen Street, Richmond. We have recently negotiated an extension of this lease until June 2012. The landlord has indicated that they wish to redevelop their property and any extension is only likely to coincide with the completion of the Main Office extensions.
- 3.2 A period of 11 months has been allowed for the new building construction and the ground floor alterations with a further one or two months being required to complete the strengthening to the 1962 building. Pre construction works – shifting powered Telecom cables will take a further month. Subject to approval being received for the works, a plan will be created in conjunction with the contractor, project manager and staff which allows continued public access to the building and manages health and safety requirements with a minimum of inconvenience. This should see completion of the project by the end of 2012.
- 3.3 The following are extracts from the CEO's report to Council dated 10 May 2011:

“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.

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.”

- 3.4 Because of the sharp pricing received, the Council is in a position to proceed with the strengthening work required for the 1962 building to ensure it complies with 67% of the requirements for Level 2 buildings. This is the minimum requirement for a new building used for Council purposes. A preliminary report on the strengthening work required on the 1962 building to meet this requirement has been estimated at \$125,000. A structural engineer has been engaged to complete the investigation and design of the work required to make that part of the complex comply but because of competing interests (specifically in Christchurch) this is not expected to be available until November 2011. For the complex to be used for Civil Defence purposes, this is the minimum amount of strengthening needed to comply with existing requirements.
- 3.5 The refurbishment of the first floor of the 1962 building was not included in the original estimates and is also able to be undertaken within the overall budget. This is estimated at \$90,000 and includes the removal of the plaster tiles above the existing ceiling, removing the existing ceiling and replacing with a new light weight ceiling, construction of an additional toilet, a new kitchenette and changes to the general office layout. This work is desirable for two reasons, firstly because it will provide direct access and services to the first floor of the new extension and secondly, to provide the opportunity for improved working conditions.
- 3.6 Based on the tender information, a revised budget has been prepared which includes provision for refurbishment of the first floor of the 1962 building, structural strengthening as well as power and telephone cable relocations from within the footprint of the proposed extension. The revised budget is as follows:

### Project Budget

Budget	Estimate	Revised Budget		
		Committed	Not Committed	Total
Building construction	2,100,000			
Existing building refurbishment	100,000			
Total	2,200,000			
<b>Construction &amp; landscaping</b>				
Building contract			1,954,502	1,954,502
Post tender adjustments			2,369	2,369
Ground floor refurbishment			Incl	Incl

First floor refurbishment			90,000	90,000
Strengthening 1962 building			125,000	125,000
Power cable relocation			22,000	22,000
Phone & fibre cable relocation			46,000	46,000
Professional fees	247,500	121,750	125,750	247,500
<b>Tasman District Council</b>				
Consents	30,000		50,000	50,000
Insurances	10,000		10,000	10,000
Landscaping and signs	15,000		15,000	15,000
Internal relocation	12,500		20,000	20,000
Project contingency	210,000		100,000	100,000
Total (excluding GST)	2,725,000	121,750	2,560,621	2,682,371
Total approved funding				\$2,725,000

- 3.7 The proposed extensions will remove some existing car parks and will provide the need for additional car parking in accordance with the requirements of the Council's Resource Management Plan. This will be offset to some degree by remarking the car parks at the rear of 183 Queen Street and by arrangement with the lessees of this property, making better usage of the entry, access and car parking areas of the two properties. There will still be a shortfall and this may be addressed by the payment of cash in lieu, by seeking dispensation through using the Main Office car park and car park at 183 Queen Street for maximum benefit or acquiring further land for car parking. The rate for the payment of cash in lieu for car parking in Richmond has been set at \$14,370 per car park. Depending on how much of the project contingency allowance is used (there could be sufficient funds on hand to cover a payment of up to 10 car parks). It is considered that by using a combination of better utilising existing car parks and the payment of some cash in lieu that the car parking requirements of the proposed extensions will be satisfied. The Environmental & Planning Manager will be in attendance to discuss the issues associated with car parking if required.
- 3.8 The proposed extensions do not satisfy the requirements for a Nelson Tasman Civil Defence Emergency Management Group headquarters. An Emergency Operation Centre requires a high level of structural integrity (Level 4) and proposals to incorporate a new Emergency Operation Centre into the Main Office complex will be considered during the long term plan process.
- 3.9 While the prospect of a possible amalgamation with Nelson was considered in earlier decision making processes, the possibility of a headquarters in Richmond was not included in that process. If amalgamation with Nelson was

to occur it would take at least two years to design, fund and build facilities to cater for an amalgamated Council on one site.

- 3.10 The proposed extensions would be well equipped to serve a greater community of interest during that period.

#### **4. FINANCIAL/BUDGETARY CONSIDERATIONS**

- 4.1 The budget of \$2.725 million was approved in the 2010/2011 Annual Plan on the understanding that the money would not be drawn down before January 2011. No additional funds are being sought for the project only 50% of the costs will fall into the 2011/12 financial year with 100% occurring in 2012/13.

#### **5. OPTIONS**

- 5.1 In drawing Council's attention to resolution CN11-05-26 included earlier in this report the options are to accept the tender recommendation or to decline to accept the tender.

#### **6. EVALUATION OF OPTIONS**

- 6.1 The acceptance of the recommendation will provide certainty for accommodation for Council staff for up to 10 years based on the current information available to us.
- 6.2 A decision not to accept the tender would require the regurgitation of options previously presented to Council as part of the decision making process that was used to identify the extension to the Main Office complex as a preferred option. There is no guarantee that such an investigation into alternative options will provide a satisfactory outcome within the timeframes available to us.

#### **7. TIMELINE/NEXT STEPS**

- 7.1 If the Council passes the recommended resolution, a tender will be accepted and the contract documentation signed. An agreed timeframe will be established for the contractor to arrive on site. The establishment of the contractor will require an additional area to be taken up within the car park for

a site office which will reduce car parking during the course of the contract. This will result in consideration being given to staff and/or Council vehicles being repositioned to alternative car parking areas during the course of the contract. Public entry to the Customer Services and Civic areas will be dealt with by advertising and signage, and staff and public will be kept informed by way of regular updates. Health and safety issues will be given priority and while there will be inconvenience to staff and users of the complex, it will be manageable.

- 7.2 The structural engineers will continue to investigate and design the upgrading of the 1962 building and design work on the upgrade to the first floor of the 1962 building will also be undertaken.

## **8. SIGNIFICANCE**

- 8.1 This is a budgeted project and is therefore not a significant decision in terms of the Council's policy on significance.

## **9. RECOMMENDATION**

- 9.1 That the report be received.

## **10. DRAFT RESOLUTION**

**THAT the Tasman District Council:**

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- 3 Confirms the revised project budget as presented in report CN11-05-26.**

J K Frater  
Manager Property Services