

**QLDC Council
24 February 2016**

Report for Agenda Item: 1

Department: Corporate Services

Proposed Council Accommodation

Purpose

This report seeks a Council decision to include funding in the 2016/17 Annual Plan to develop a proposal for a 'one office' Council office accommodation building by 2018.

Public Excluded

It is recommended that portions of Attachment B to this report (Commercial Property Assessment Report) are considered with the public excluded in accordance with the Local Government Official Information and Meetings Act 1987 on the grounds that withholding of the information is necessary to enable the Council to carry out, without prejudice or disadvantage, commercial activities; and enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations); and prevent the disclosure or use of official information for improper gain or improper advantage.

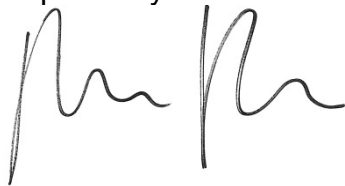
Recommendation

That Council:

1. **Note** the contents of this report and the report prepared by Colliers International Queenstown dated November 2015 (Attachments A and B);
2. **Agree** that the Council considers a proposal to develop a 'one office' Council office accommodation by 2018 and support the provision of \$250,000 in the 2016/17 Annual Plan (as a maximum placeholder) for project investigation, planning and design,.
3. **Confirm** that the Council's preferred location for a future Council office building is the Queenstown CBD, in accordance with the Queenstown Town Centre Strategy 2009 (section 8.1), subject to an assessment of any consenting, designation or similar issues;
4. **Confirm** that any proposal would require:
 - a. The proposed building be constructed on a Council-owned site.
 - b. Further consideration of the merits or legality of a joint venture versus a Council-owned option.
 - c. The proposed building be capable of accommodating all Queenstown-based Council office staff with an acceptable provision for growth.

- d. Further consideration of the 2020 Frankton Library Hub as included in the current 10 Year Plan with potential to either bring the 2020 proposal forward or develop an interim library solution for implementation in 2018.
 - e. Consultation on the proposal detail and options in the 2017/18 Annual Plan. noting this as an amendment to the 10 Year Plan [Local Government Act 2002 Section 93(4)]
5. **Agree** that the Chief Executive be delegated to undertake project investigation, planning and design for the proposal with the intention of including a budget for construction in the 2017/18 Annual Plan as a variation to the 10 Year Plan.

Prepared by:



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9/02/2016

Reviewed and Authorised by:



Stewart Burns
Acting Chief Executive

9/02/2016

Background

- 1 On 26 August 2015 on the motion of The Mayor and Councillor Cocks the Council made the following resolution:
 - a. Note that the current Gorge Road premises do not meet the current and future needs of the Council;
 - b. Agree that the Emergency Operations Centre needs to be immediately relocated to the Queenstown Events Centre;
 - c. Direct the Chief Executive to conclude negotiations to meet the immediate accommodation space requirement for the next 2-5 years in the Queenstown CBD; and
 - d. Direct the Chief Executive to submit a report to the November 2015 Council meeting reviewing all previous information reported to the Council and undertaking further evaluation of all potential solutions for Council and library accommodation which includes:
 - i. Options for public private ownership
 - ii. Use for the Gorge Road premise
 - iii. Potential locations

iv. Detailed costing comparisons and timelines

- 2 The Chief Executive engaged Colliers International Queenstown to produce a professional, independent property report to evaluate solutions and options as outlined (Attachment A and B).
- 3 It is important to note that the Council resolution of the 26 August 2015 that the Gorge Road premise does not meet the current and future needs of the Council was made after the adoption of the 10 Year Plan (June 2015).

Comment

- 4 Colliers was engaged to produce a report in accordance with the resolution (Attachment A). The report contains a commercially sensitive chapter on cost comparison (Attachment B – public excluded).
- 5 After considering several sites the report recommends the development of ‘one office’ on a Stanley Street site. Whilst the Colliers report considers a joint venture option is financially viable, leasing options are likely to be restrictive if reserve land is utilised for any new Council accommodation (see Stanley Street legal opinion Attachment C). Therefore this report recommends further consideration of the merits of a joint venture versus Council ownership.
- 6 Further to this Council must consider and weigh the benefit and prudence of retaining community ownership of the civic building for the long term.
- 7 Although the Council must consider options regarding the location of the office accommodation (eg, Queenstown CBD versus Frankton), the Queenstown Town Centre Study 2009 states (section 8.1) that Queenstown is the “civic heart” of the district. The strategy reinforces that it is appropriate for Council offices to be located in the town centre. Objective 5 (p.5) of the strategy states that: “The town centre retains key civic and community functions that underpin its relevance to the local community.”
- 8 This premise is further underlined in the 2015 Downtown Commercial Strategy (section 9.1.0) which states that Council offices are: “a key anchor for the town centre”. It describes retention of the office in the town centre as being: “vital for continued local and commercial community relevance.” (p.78).
- 9 The Colliers report echoes the August resolution by Council that the Gorge Road premise “does not meet the current and future needs of Council”. The Colliers report recommends a medium term outcome to provide one Council office, located on Council-owned land in Queenstown. The report points to efficiencies, consolidation, enhanced customer service and the need for the alignment of property to the business of Council that would be provided by an accommodation solution contained within one building (page 28). Currently the Queenstown Council offices are located across four sites (including the Queenstown Events Centre).
- 10 Further, Colliers has outlined that if the Council was minded to agree to the medium term solution (2018), the disposal of the Gorge Road premise becomes an inevitable outcome. As recommended it is intended that Council would

dispose of the building subject to a valuation, a report on earthquake mitigation work and a proposal for disposition in accordance with the Council's Property Sale and Acquisition Policy 2014 (Attachment D).

11 Colliers point to several options that exist for the 400sqm library including an interim shop front library presence in the Queenstown CBD with the 'back-of-house' located at Frankton. The report has not considered the library to be part of the 'one office' solution as the Council has confirmed a Frankton Library hub for 2020. It is feasible that a shop front, Queenstown-based library could be co-located with a Queenstown-based 'one office' solution as part of the medium term solution (2018).

12 It should be noted that in accordance with the resolution of August 2015, negotiations were completed to enable staff to relocate from the top floor of Shotover Street, with Infrastructure and IT staff now occupying an office in Church Street.

Options

13 This report identifies and assesses the following reasonably practicable options for assessing the matter as required by section 77 of the Local Government Act 2002:

14 Option 1 *Do nothing*

Advantages:

15 There would be no change for members of the public accustomed to the current level of service delivered from several different sites and short term, no financial implication for ratepayers.

Disadvantages:

16 Given the Gorge Road premise has been found 'not' to meet the current or future needs of the Council, doing nothing would fail to plan prudently for the future needs of the organisation and community.

17 Option 2 *Develop 'one office' Council accommodation in the Queenstown CBD*

Advantages:

18 Customer convenience and an enhanced Level of Service.

19 Council will enjoy efficiencies and culture benefits from operating under one roof in a space that meets the needs of the business, the elected members and the community.

20 Better outcomes in terms of staff recruitment and retention.

21 The Queenstown CBD will be supported through the retention of the District's biggest employer and the business and professional hub that surrounds Local Government in accordance with the Queenstown Town Centre Strategy.

- 22 The liquidation of the Council-owned Gorge Road premise can offset the costs of a build.
- 23 Maximisation of Council-owned land.
- 24 Savings on annual lease costs (Church Street and Shotover Street).

Disadvantages:

- 25 Although there will be a cost offset and the intention is to utilise Council-owned land, if the building is Council owned as opposed to a joint venture then there will be a loan funded component and therefore a yet to be confirmed ratepayer cost (detail to be consulted through the 2017/18 Annual Plan).
- 26 Additional travel movements on Frankton Road, as opposed to a Frankton-based office.
- 27 This report recommends **Option 2** for addressing the matter for all the reasons set out above and contained in the Colliers report.

Significance and Engagement

- 28 This matter is of high significance, as determined by reference to the Council's Significance and Engagement Policy. Disposal of the Gorge Road premise, the potential utilisation of Council reserve for the purposes of developing Council accommodation and the cost of delivering a 'one office' solution are all deemed to be of high community interest. For this reason the proposal is recommended to be subject to the special consultative procedure through the Annual Plan 2016/17 and 2017/18 as a variation to the 10 Year Plan.

Risk

- 29 This matter relates to the strategic risk OR0018. It relates to SR6B 'assets critical to service delivery' (property) because the Council is required to deliver fit for purpose accommodation that fulfils level of service and Health and Safety requirements for the organisation, elected members and the community.

Financial Implications

- 30 As outlined, \$250,000 has been included as a placeholder for investigating, planning and design in the draft Annual Plan 2016/17. The financial implication of any proposed build would be the subject of detailed consultation through the 2017/18 Annual Plan as a variation to the current 10 Year Plan.

Council Policies, Strategies and Bylaws

- 31 Council's Property Sale and Acquisition Policy 2014 will be applicable to the sale of the Gorge Road site.
- 32 The Queenstown Town Centre Strategy 2009, which contains the objective that the Council office be retained in the Queenstown Central Business District
- 33 No other Council policies, strategies or bylaws are directly applicable.

34 This matter is not included in the current 10-Year Plan.

Local Government Act 2002 Purpose Provisions

35 The recommended option:

- Will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses by ensuring effective and efficient local government and enhanced customer service.

Consultation: Community Views and Preferences

36 As outlined Council considers the proposed development of Council-owned land is of high community interest.

37 The Council proposes to undertake a Special Consultative Process through the 2017/18 Annual Plan in order to amend the 2015 10 Year Plan.

Attachments

- A Accommodation Report
- B Accommodation Report: Commercial Property Assessment (Public Excluded)
- C Legal advice on the utilisation of Council Reserve (namely Stanley Street) for the purposes of Council Accommodation
- D Council's Property Sale and Acquisition Policy 2014