

**Community & Services Committee
22 November 2018**

Report for Agenda Item 2

Department: Property & Infrastructure

Proposal to build the new Luggate Hall to certified Passive House standard

Purpose

- 1 To consider and endorse the recommendation to Council to approve the new Luggate Hall build project, including funding, to certified Passive House standard.

Recommendation

That the Community & Services Committee:

1. **Endorse** the proposal that Council approve the new Luggate Hall build project, to certified Passive House standards.
2. **Endorse** the proposal that Council approve the additional funding of \$1,344,000 via the reforecasting process.

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14/11/2018

Reviewed and Authorised by:



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15/11/2018

Background

- 2 In early 2017 QLDC undertook both an initial and detailed seismic assessment of Luggate Memorial Hall. The results of the Detailed Seismic Assessment indicated the building's seismic rating to be 15% of the National Building Standard.
- 3 The building was classified as Grade E. Grade E buildings represent a risk to occupants greater than 25 times that expected for a new building. In August 2017 QLDC announced the closure of the Luggate Memorial Hall.
- 4 Based on a do minimum rough order of cost estimate at that time, a provision of \$950,000 was entered into the long term plan. Property and Infrastructure used a better business case approach to determine appropriate future provision for the Luggate community facilities requirements.
- 5 In January 2018 a stakeholder group; consisting of members of the Luggate Community Association, elected Council members and QLDC staff, undertook an ILM workshop.
- 6 In April 2018, a facilitated workshop was held with the Project Control Group (PCG) and stakeholders. A wide range of options were identified and short-listed. The preferred option being a bespoke designed community hall.
- 7 A community engagement survey was undertaken to gain feedback of community facilities across the district.
- 8 In September 2018, a community stakeholder workshop was held with members of the Luggate Community Association and QLDC. Passive House option was put forward. The group agreed to push ahead with taking PH concepts to further workshops.
- 9 In October 2018 the Luggate hall replacement project was presented to the Community & Services Committee during the workshop session. This included the prospect of building to certified Passive House standard. The feedback was to proceed with the Passive House preliminary concepts and modelling.
- 10 In November 2018, a preliminary concept design was delivered from a Passive House certified architect. This included the initial Passive House modelling report.

Comment

- 11 We have now shown that the Passive House concept is viable, and has come through with a cost of \$4,185,000. From the projected 3rd party funding interest this has led to a shortfall of \$1,344,000 of funds.
- 12 The case for change. The ILM workshop was summarised by 3 problem statements:
 - No community hall/hub is leading to diminished sense of community
 - Not providing a fit for purpose facility is constraining community activities for Luggate

- Luggate community facilities fit, within the wider network is not understood which is leading to uncertainty about future provision

13 During the ILM workshop 2 investment objectives were identified:

- Providing a focal point for the community heart
- Providing a smart & viable solution for a growing community

14 The community needs to have a focal point for coming together in or near Luggate township. The replacement hall needs to be cost effective providing value for money. It also forms part of a wider network of integrated community facilities.

15 An initial Passive House reference group was convened in September 2018, with the aim of discussing the feasibility and complexity of building a community facility to comply with Passive House certification. The opinion of the group was that it is possible to achieve this.

16 The preliminary concept designs were commissioned; this work included a Passive House modelling report. The modelling confirmed that to build a community hall to be certified Passive House is achievable.

17 A follow up Passive House reference group was convened in October 2018 to discuss the preliminary concept and the initial Passive House modelling. The group confirmed that using this information building the community hall to be certified Passive House is achievable. Discussions also helped with information for the cost estimate build up.

18 The feasibility estimates have been done. It shows that the cost projection of building to Passive House works out to be \$4,185,000. This works out to be \$365,000 more than a regular build.

19 The Net Present Value of whole of life costs when comparing Passive to Non-Passive over 50 year lifespan shows a difference of between -\$280,000 to -\$100,000.

Options

20 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:

21 Option 1 Demolish, remove and not replace the Luggate Community Hall (do nothing option)

Advantages:

22 Cost, QLDC does not have to provide community facilities in Luggate, and other facilities can be more fully utilised

Disadvantages:

23 The heart and focus for the Luggate community will not be restored. The community will not have a fit for purpose community facility. The community

does not have access to community facilities that they have had since 1954. That there is less ability to meet and gather for community related activities.

24 Option 2 Bespoke Passive House Certified multi-purpose community hall (the preferred way forward)

Advantages:

- 25 Create a fit for purpose community facility
- 26 Restore the heart and focus for the Luggate community
- 27 It would create a more comfortable, healthier environment
- 28 The building will also be significantly more energy efficient
- 29 Shows leadership in terms of Council managing its portfolio
- 30 Attracts high level of 3rd party funding interest

Disadvantages:

- 31 Increase in the construction costs of around 6-10%.

32 Option 3 Direct QLDC officers to do further work on the project options

Advantages:

- 33 More time to consider the options

Disadvantages:

- 34 Disappointment of the community in delaying the decision
- 35 Increasing the time before a replacement community facility could be built

36 This report recommends Option 2 for addressing the matter because it will provide a healthy, comfortable environment to help foster vibrant communities. It will demonstrate bold leadership in building the first Passive House certified community facility in New Zealand.

Significance and Engagement

37 This matter is of medium significance, as determined by reference to the Council's Significance and Engagement Policy because the project will be creating a new community facility. This has been mitigated by consultation with members of the Luggate community, the Luggate Community Association, project stakeholder group and the Community & Services Committee.

Risk

38 There are no specific risks associated with the project as identified in the Council Risk register.

Financial Implications

39 Current Cost Summary

- Current cost estimate \$4.185M
- 45% 3rd party funding \$1.883M
- Current funding \$0.958M
- Remainder to fund \$1.344M

40 The request for new funding for the Luggate Hall project is \$1.344M. These additional funds will be made available from reprioritisation of the Capital Works Programme or allocation of the Wanaka Asset Sale Reserve Fund.

41 The funding assumption for the current budget is that \$84k will come from the Depreciation reserve with the balance of \$874k loan funded. It is proposed that the shortfall be funded \$1.0m from the Wanaka Asset Sale Reserve Fund with the balance loan funded. This would see borrowing for this project increase from \$874k to \$1.22m. The amount from the Wanaka Asset Sale Reserve Fund is appropriate to reflect a local contribution and fits the purpose of this reserve. The current balance of this reserve is 9.05m. The loan will be funded district-wide.

Council Policies, Strategies and Bylaws

42 The following Council policies, strategies and bylaws were considered:

- Procurement policy
- Earthquake prone buildings policy
- Community facilities asset management plan

43 The recommended option is consistent with the principles set out in the named policy/policies.

44 This matter is included in the 10-Year Plan/Annual Plan

- Community Services and Facilities

Local Government Act 2002 Purpose Provisions

45 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; providing a fit for purpose community facility for the growing local population
- Is consistent with the Council's plans and policies; and
- Would not alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or transfer the ownership or control of a strategic asset to or from the Council.

Consultation: Community Views and Preferences

- 46 The persons who are affected by or interested in this matter are residents/ratepayers of the Queenstown Lakes district community
- 47 The Council has undertaken a community feedback survey, which looked at the growing and changing use of facilities in the district. The need for fit for purpose, and accessible facilities was raised. There are a large number of groups looking for new facilities and space.
- 48 The Luggate Community Association have attended a number of the stakeholder meetings to date, providing valuable input from the local community.

Attachments

- A Business Case
- B Preliminary Concept Design
- C Passive House Modelling Report
- D QS Report