

## 1. AVEBURY HOUSE

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The purpose of this report is to inform the Committee of the responses received to a request for proposals for the use of Avebury House in Richmond and to recommend a process in order to establish an end use for this property.

### **BACKGROUND**

Following consideration of a report to the Committee in November last year which recommended a concept advocated by the Hagley/Ferrymead Community Board to develop Avebury House as a community arts and cultural facility, the Committee resolved:

- “1. That the officers be requested to obtain a comprehensive condition report on the building, including an estimate of the cost of carrying out upgrading and restoration work required, plus an estimate of ongoing annual maintenance costs once such upgrading has been completed.*
- 2. That the Council defer a decision on the possible development of Avebury House as a community arts and cultural facility until the foregoing report has been received and considered by the Council”.*

The Council at its meeting on 25 November 1999 resolved to adopt these recommendations and further asked that staff investigate an anchor tenancy that would also allow community use.

Having regard to the high level of publicity and the past expressions of interest in using this building, officers determined that the most appropriate process for seeking an anchor tenant was the request for proposals (RFP) process clearly outlining the preferred commercial/community use. The RFP was notified in the Press on two occasions; the first on Saturday 12 February 2000 in the public notices column and the second insertion on Saturday 19 February 2000 in the businesses for lease column. On close of the RFP on 15 March 2000 three written proposals together with a letter expressing interest had been received. Prior to outlining the RFP proposals this report will firstly address the current condition of the building and the cost estimates for upgrading and restoration work required together with the allowance for ongoing maintenance as requested by the Committee.

### **BUILDING CONDITION REPORT**

Thompson Wentworth Limited, experienced property consultants, were engaged to undertake an inspection of Avebury House and to submit a detailed budget for completion of outstanding building maintenance and refurbishment works to the entire building. The budget estimates together with a description of the work required are attached. Thompson Wentworth emphasised that because the end use is still undecided the budget had to be

based simply on maintaining the building as is where is. In determining an end use the budget will need to be reviewed and specific requirements and impacts of that new use taken into account. Should a community use be finally adopted the property consultant's advise that further compliance costs in the order of \$50,000-\$100,000 could be expected for a building of this nature. In completing their report the property consultants have consulted with Malcolm Kitt of City Design in relation to the Conservation and Heritage aspects of the building to be covered in a Conservation Plan which is presently in draft form and will be available for perusal at the meeting. The budget has factored in the comments and specific requirements of the Conservation Plan's author.

The total cost of maintenance/refurbishment as estimated by Thompson Wentworth is given at \$170,300. This figure is substantially less than the estimates talked about in the report that went to the Committee's meeting in November last. The figures in that report were initial estimates that were subsequently inflated at the meeting. Thompson Wentworth are confident that their costs are realistic which should put the total cost including compliance costs and interior refurbishment below \$300,000 although it is emphasised that the final cost will not be known until the end use is eventually determined and the specific alterations requirements that go with that use are established. Presently the exterior of the building is being painted at a contract price of \$15,300 and work will get underway in the coming months before winter to have the roof replaced/repaired as necessary at cost of about \$22,000 as estimated by Thompson Wentworth.

### **Ongoing Costs**

Following an upgrade to the standard as recommended in the condition report, Property Asset management advice indicates that it would be reasonable to make an ongoing maintenance allowance for external and internal maintenance of \$12,000 per annum. This would include such things as meeting statutory obligations ie warrant of fitness, drainage and electrical/water faults, general repairs arising from vandalism, accidents etc and glazing. It would not be expected to spend the full amount each year and the cost to the Council of this ongoing maintenance will very much depend on the type of use/activities carried out in the building. For example if the building was commercially tenanted then it could be expected that the majority of internal maintenance costs would be met by the tenant. However if a total community use is to be made of this building then the Council would see itself responsible for the majority of these costs. Normal maintenance would include painting every seven years and based on current costs this maintenance should be budgeted for at about \$15,000. It should be noted that these costs do not include or cover capital replacement of any fixtures or fittings or chattels.

## PROPOSALS IN RESPONSE TO RFP

### 1. Fundamentals Learning Centre (Basics Plus)

- (a) Use - A specialised pre-school learning facility providing a Government licensed centre for the care of preschoolers including Saturdays. The centre could also involve other specialised support for children in the form of occupation therapists, child psychologists or speech therapists. The programme conducted by Fundamentals focuses on mind and body teaching techniques combining a gym room, classroom, computer and outdoor learning environment.
- (b) Lease Proposal - The first preference is to lease the whole of the building and have the use of an enclosed garden area as a controlled play area. The second preference with this proposal is to lease the whole of the ground floor with the enclosed ground area. An initial term of two years is proposed with a right of renewal for six to eight periods of two years (maximum term of 18 years. The rent offered is \$4 per square foot of indoor space plus GST as a gross rent payable monthly. In effect this would mean a gross annual rental to the Council of about \$19,500 plus GST for the whole of the building or \$11,400 for the ground floor only. From this rent outgoings of about \$5,000 pa would need to be deducted to bring to a net rent. The centre would pay for all services used and interior maintenance to the same standard as at the commencement of the lease. The proposer advises that the centre would be run by a Director/Manager with four to six staff who are qualified in early childhood care/ specific learning disabilities and licensed by the Ministry of Education as an approved early childhood centre.
- (c) Alterations - With this proposal is an intention to convert the kitchen window to French doors to provide garden access, remove walls/chimneys between the ground floor lounge/kitchen and the first floor east side rooms and to create separate access to the upstairs area of the house if they were not given a full tenancy of the building. Notably this proposal would also involve a safety fence around the garden area to the east of the house needed to provide for a secure play area. The essence of the proposal is to provide a very special preschool programme for Christchurch which will require quite a large amount of space to accommodate the Fundamentals physical motor development programme over and above the expectations and requirements by the Ministry of Education for a chartered and licensed Care and Learning Centre.

- (d) Community Use - Other than community association with the programmes provided there is no opportunity for general community use under their first preference to lease the whole building. Should the ground floor only be leased then the first floor with appropriate security and access arrangements would be available to the wider community. Such an arrangement, however, would be difficult to manage.

## **2. Oscar Network in Christchurch (Incorporated)**

- (a) Use - This proposal comes from three community agencies, Oscar Network, Oscar Development in Christchurch ODC and the Treasure Trove Trust. The proposal involves using the whole of Avebury House primarily as a training and resource centre for Oscar supervisors, parents and other care givers catering for out of school care and recreation programmes for children in the 5-13 age group. Out of school programmes run by these agencies would also be conducted at Avebury for up to a maximum of 20 children.

Oscar, the professional support agency and ODC, the operating arm, are incorporated societies and work alongside Treasure Trove with a charitable trust, which provides indoor and outdoor play equipment. It is proposed that these agencies together with the Parent Centre, would use Avebury House. Oscar Training is in the development phase in New Zealand. Over 30 programmes are currently networked in Christchurch, the latest at Linwood Avenue Primary School which is sponsored by the Council with ODC contracted to run the programmes.

- (b) Lease Proposal - A net rental of \$5,000 per annum plus GST has been offered. Lease term, rent review are negotiable. All services and outgoings to be paid by tenant. Financial contribution to the interior refurbishment, alterations and ongoing maintenance not detailed and open to negotiation. At this stage the structure of the management and the lessee entity are uncertain with the three agencies yet to agree on this and the extent of the financial commitment to developing Avebury as an Oscar Centre. The major funders of Oscar are Community Boards, and other sponsors with some fee income being derived from the ODC programmes.
- (c) Alterations - Downstairs – remove box seating in lounge to create more useable space, upgrade kitchen in keeping with character but allowing more practical cooking facilities, install a lift in the kitchen next to stairs or windows providing access to upstairs back room, reposition the entry to the front flat bedroom, install paraplegic toilet facilities, an upstairs toilet and hand basin with a small sink for tea making in the back room on the eastern side.

- (d) Community Use - The large upstairs room would be available for hiring out to the community during afternoons from Monday to Friday and all day Saturday and Sunday. Downstairs the large front room would be available to the local community at times outside 2–6pm and during holidays.

This proposal envisages that the front flat be made available to an artist in residence, who would also act as a caretaker. All other rooms in the building would be used for storage, Treasure Trove play equipment, offices for the agencies, and training and resource rooms. The single garage would be used as a workshop for the artist in residence and Treasure Trove. The proposal also envisages using outdoor space from the laundry as a children's area (5-13 year olds).

### **3. Community Facility**

The third written proposal is the proposal submitted by the Hagley/Ferrymead Community Board in conjunction with the Council's Hagley/Ferrymead Advocacy Team.

- (a) Use - It is proposed that Avebury House would be assigned as part of the Council's Property Unit's portfolio to the Hagley/Ferrymead Advocacy Team as a community facility. The proposal envisages using Avebury House as a community facility with an art and cultural focus. This proposal has been endorsed by the Hagley/Ferrymead Community Board following the finding of an independent researcher engaged last year to identify the range of possible user groups, the service costs associated with the development and impact in relation to the use of Avebury House as a community facility. This proposal was outlined in the report to the Committee in November last year and a decision on this was deferred by the Council pending the provision of a conditional report and costings associated with developing such a facility.

The Community Advocate advises that provision has been made in the Council's 2000/01 Draft Corporate Plan for \$50,000 being assigned as the internal rent for the site. It is proposed that the tenant would be the Council's Hagley/Ferrymead Advocacy Team with long term day to day management of the facility being the responsibility of a voluntary Management Committee. The Community Advocate would accept responsibility for the terms and conditions of a lease.

Specific details as to how this facility would be set up in Avebury House, the alterations required, the operating structure and the funding arrangements have yet to be determined. The proposal is really a reaffirmation of that submitted earlier to the Council and if this concept was to be taken up more detailed work would be required by the Advocacy Team to firm up the proposal.

#### **4. Pacific Island Fanau Community and Social Services**

Subsequent to the closing of the RFP a letter was received from this organisation expressing interest in using the front flat only. This organisation was established in 1993 as a voluntary service to support and assist Pacific Island families, both young and old. Services include social, parental and unit programmes, consultancy, job search, school holiday programmes and the like. The group is totally reliant on grants, lottery/Hillary Commission etc for its funding. As no other information has been given it is not possible to make any further assessment or evaluation of this interest in using only part of Avebury House.

#### **EVALUATION OF PROPOSALS**

The “RFP” stated that the principal criteria to be evaluated would include:

- (a) Experience/track record of proposer.
- (b) Financial security.
- (c) Compatibility of proposal with building and park setting.
- (d) Level of general community use offered and cost of this use.
- (e) Rental offered.

Taking each of these criteria little distinction can be drawn in relation to the external proposals in regard to criteria (a) and (b), both having suitable qualifications and experience in their particular field as service providers. No information was given with the Fundamentals proposal to establish their financial position. Oscar did provide a statement of their financial position with detail on the constitution and rules of the agencies ODC and Treasure Trove demonstrating that this organisation has been able to operate, although reliant substantially on sponsors and fundraising. Where some distinctions and evaluations can be made is in criteria (c), (d) and (e). The proposal from the Oscar agencies would have less impact on the heritage fabric of the building and would offer some level of general community use over and above Oscar’s association with the community through its programmes. The Fundamental’s proposal offers a higher gross rental than offered by Oscar, although Fundamentals rental offer would effectively mean exclusive use of the whole building and some of the garden area for much of the day.

The Hagley/Ferrymead Community Board proposal is not developed to a stage at the moment which would allow a fair assessment or evaluation of the given criteria. It should be emphasised, however, that the rental figure is in fact merely an internal transfer and therefore is not a net gain of revenue (or anchor tenancy) and accordingly not comparative to the other proposals. In regard to the rental allowance made by the Advocacy Team it is considered that this rental estimate is probably excessive as it is considered that it would be very unlikely to achieve this sort of rental even from a purely commercial use, having regard to rent levels on other Council facilities used for commercial purposes. Probably a figure of \$20-\$25,000 would be more realistic as a community facility rent for internal transfer from the Advocacy Budget to the Property Unit's Budget.

It is considered not appropriate to make a direct comparison between the Hagley/Ferrymead proposal and the external proposals since the objective of the RFP was to flush out any external paying uses that could operate alongside the identified community art/cultural concept and not instead of this type of community facility. The RFP made it clear that the Council did not want just one community group using the property for a limited purpose but if possible an anchor tenancy be established which would defray the restoration and running costs while allowing for community use. It is acknowledged that a concept which would see shared commercial/community uses that were complementary may be (and clearly have been) difficult to achieve. Neither of the external proposals gives any surety of long term financial stability, which is essential for a successful anchor tenancy. It is difficult to make an informed choice between the two external proposals as neither proposal offers all the elements of the complementary anchor/community use sought but on balance the Oscar proposal (if any external proposal is to be accepted) would be favoured for the following reasons.

1. Scope for greater general community use, although this would probably be limited to Saturdays and Sundays and selected times in the afternoon during weekdays upstairs and mornings downstairs, excluding public holidays.
2. Less impact on the heritage fabrication of the building.
3. Little if no use of the surrounding park.
4. Security arrangements more straightforward.
5. The co-ordination of three community organisations plus a parenting group under one roof.
6. The proposal has the full support of the Children's Advocate.

The disadvantages of this proposal could be seen as but not limited to:

1. Focus on one particular age group of youth.
2. Limited resources to contribute to refurbishment.
3. Modest rent offer.
4. Reliance in the main on sponsorship and grants to operate with perhaps narrow client base to derive income.
5. Management structure uncertain at this stage, as is commitment to project by Oscar Trust and sponsors.

Equally it could be said that 1, 2 and 4 of these disadvantages could also apply to the proposal by Fundamentals.

#### **HAGLEY/FERRYMEAD BOARD PROPOSAL**

This proposal is a reaffirmation of the community cultural/art use that has been independently identified and was reported in detail at the Committee's November 1999 meeting. While finer details have yet to be sorted out this proposal would meet the objectives of a wider community use, probably be compatible with the building park surrounds and be co-ordinated and managed in a controlled manner. Nevertheless, this proposal does require total Council funding and will not stand on its own financially. The decision as to what extent this building is to be given over to non-profit based community uses will in the end lie with the Council as a financial decision.

#### **CURRENT BUDGET ARRANGEMENTS**

The \$60,000 worth of work currently being undertaken has been met through budget substitution this financial year. This leaves a requirement for \$240,000 (based on the Thompson Wentworth estimates) yet to be funded.

The draft annual plan for 2000/01 includes \$150,000 and for 2001/02, \$100,000. Therefore ample budgeted funding is available in the current year and over the next two financial years.

#### **OPTIONS**

From here the options to the Council would seem to be:



1. A full community use totally Council funded along the lines of the Hagley/Ferrymead proposal.
2. The dual use of the property by a group such as Oscar in conjunction with the activities of an art cultural community facility.
3. Inviting unrestricted full commercial use of the building.

The alternatives to these options (ie sale/removal/demolition) have already been ruled out. The results of the RFP have really proved inconclusive, which is not surprising considering the limitations ie building conditions, conservation, park setting, location, security requirement for community use, access and parking considerations.

Option 3 is not realistic for these same reasons and the community aspirations for the use of this building. This leaves Option 1, although at this stage this option is still a concept and detail of structure, operation, funding and fitout needs have yet to be established.

#### **SUMMARY/CONCLUSIONS**

The investigation of an anchor tenancy by the RFP process has highlighted the difficulty in trying to achieve a rent paying anchor tenancy that would also allow general community use while being compatible with the building's heritage characteristics and park like setting. While the two external proposals received would make a full use of the house and pay a rental, these proposals would require some alterations that may not be sympathetic to the building's heritage features and allow general community use only in a very restricted form. If either proposal is to be favoured with a lease, officers would be inclined to favour the out of school care and recreation programme use put forward by the Oscar agencies but which offered only a very modest \$5,000 pa rent.

In considering what end use should be made of the building, the following points are now considered pertinent:

1. The costs involved in deferred maintenance and refurbishment are considerably less than first thought. The upper figure for external/internal maintenance and refurbishment and compliance costs based on the independent advice received are not expected to exceed \$300,000 of which some \$60,000 has already been committed in the current year's budget. The final figure will not, however, be known until the end use is determined.
2. The aspirations and expectations that have been built up in the local community that Avebury House will be made available for wide community use.

3. The proposals received as a result of the RFP may defray some of the ongoing costs to the Council in retaining the building as a community facility. However, it is questionable whether the level of return to Council would justify the limited and restricted access to Avebury House for local community use in the widest sense.
4. The location, access, setting and heritage characteristics of this property would seem to limit a full commercial use. However a fully commercial use without restrictions has not been tested on the market place.

It is considered that none of the formal proposals submitted are either advanced to a stage or in sufficient detail to make a specific lease recommendation. Rather, it is believed that the Council now having the benefit of confirmed costs to upgrade and refurbish, needs to reconsider the nature of the use to be made of the building which could include some elements of the external proposal submitted. Past indications are that both the Community Board and Council favour a community use. Should the Council now see fit to endorse and commit the building to a community use it would then be a matter of determining the most cost efficient and appropriate operating structure/tenancy to deliver and make available from this building the community uses most needed in the district and fund the same accordingly.

**Recommendation:**

1. That the proposals received in response to the RFP from the Oscar agencies and the Fundamentals Learning Centre be declined.
2. That a full community use of Avebury House be confirmed subject to:
  - a comprehensive Community Activity Plan being developed with supporting operational budget provision
  - the refurbishment costs not exceeding the sum of \$365,000 provided in the Council Plan in the following years:

1999/2000	\$115,000
2000/01	\$150,000
2001/02	\$100,000
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Total	\$365,000
3. That the officers also be requested to report back on the estimated cost of installing a sprinkler system in the building.