

### 3. REVIEW OF THE COUNCIL'S CENTRAL CITY ACCOMMODATION REQUIREMENTS

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The purpose of this report is to appraise Councillors of the proposed strategic review of the Council's central city accommodation requirements and seek endorsement for such a project.

#### INTRODUCTION

The Council shifted into the current Civic Offices building some 20 years ago. The Civic Offices annex building was later purchased (approximately six years ago) and joined to the Civic Offices with air bridges. The purpose of this later acquisition was principally to accommodate ex-Drainage Board personnel and to effectively concentrate all Council's services (other than standalone operations such as libraries, plant depots, recreation facilities, etc) in either the Civic Offices or in suburban service centres.

Cambridge House, the former Drainage Board headquarters, was also freed up for subsequent sale.

Since the purchase of the annex and due to the need to accommodate additional staff (including centralisation of planning staff from service centres) in the Civic Offices/annex, there has been a need to relocate approximately 30 staff from the Civic Office's Parking Operations Unit, to a Council owned heritage building at 210 Tuam Street.

A significant sum of money has been spent on upgrading the Civic Offices complex to meet such issues as increased staff numbers, earthquake strengthening, plant/services upgrades, etc.

To date, a comprehensive review of our accommodation has not been undertaken. Certainly capital expenditure and maintenance is carefully planned and budgeted for through the Annual Plan process. However, this work is often ad hoc, remedial and reactionary in nature. An analysis of such expenditure considering financial and investment issues, or comparison with market, relocation or redevelopment alternatives has not been considered. More importantly, maintaining the status quo cannot currently be objectively supported or rationalised as the most effective and efficient accommodation option for Council expenditure.

A number of years ago an opportunistic relocation option was mooted by the then Property Manager. This, however, was not founded upon a review of the current accommodation and did not receive any support.

In addition to the fact that it is timely to revisit this matter so that appropriate future accommodation-related expenditure achieves the best outcomes from customer, efficiency and cost effectiveness perspectives, it should also be recalled that a resolution was adopted at the July 1999 Annual Plan meeting calling for a strategic review of Civic Offices accommodation.

## **The Process**

The scope of the review is detailed in the Request for Proposal (RFP) document attached to this report. In essence we are:

- Undertaking a comprehensive review of accommodation requirements and property commitments.
- Identifying and investigating a range of options.
- Undertaking a comprehensive survey and condition report of the current Civic Offices to develop a capital and operating expenditure plan for comparative analysis purposes.
- Completing a comparable analysis of alternatives utilising both financial modelling and quantitative and qualitative analysis techniques for measuring their associated costs and benefits.
- Considering the impact of options at a broader city economic level, ie, impact on property market, customers, inner city objectives and other direct and indirect central city property commitments.

The RFP will be publicly tendered and the submissions evaluated in accordance with the RFP criteria. The technical specifications attached will be incorporated into a document containing the standard RFP terms and conditions generally adopted by the corporate services.

## **OUTCOMES**

The information received from this review will provide a measurable understanding of the advantages and disadvantages for a range of various accommodation options, including comparison with the status quo. This will be supported by various occupancy assumptions and consideration of the broader impacts the alternatives may have, ie, property market, rates, short-long term operating and capital costs and savings to the Council. Whether this precipitates a change in accommodation is at this stage indeterminable. However, the exercise will be invaluable in managing future accommodation expenditure which, for the first time, will be supported by a comprehensive well-researched, fact based plan, thereby enabling the Council to manage, plan and prioritise with confidence.

## **TIMEFRAME**

It is anticipated that the advertising/review/assessment process will take approximately three months.

## **COST**

The cost of the review, which will be brought back to the Council along with the tender options report, will need to be considered in the context of prudent asset management, the significance of the Council's accommodation needs and the necessity to be fiscally responsible. The review will be funded from the asset management budget.

## **SUMMARY**

We acknowledge that there is a plethora of anecdotal evidence, opinions and views on how the Council should or should not be proceeding when considering its central city accommodation needs. We also suggest that there are many preconceived solutions both at officer and elected representative levels. We should all, however, acknowledge that these are subjective and although they may or may not be incorrect, they have not been established on a fully informed comprehensive basis taking into account all relative factors. We caution that it is all too easy to make a judgement when considering a partial information set. It is important from time to time to challenge these preconceived ideas through a thorough and proper review. We believe, after 20 years, it would be irresponsible not to initiate such an undertaking, equally to not do it properly would be the same.

The purpose of this report is not to engender debate on the process, which is essentially a management issue, but to seek endorsement of the project.

**Recommendation:** That the Council endorse the review as outlined above with an options report based on a tender review, to be brought back for Council approval prior to project initiation beyond the tender stage.