

## 8. BALLANTYNES CAR PARK PROPOSAL

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Corporate Plan Output: 8.6.4 – Special Projects	

The purpose of this report is to put forward and seek resolution on a proposal from Ballantynes that creates an opportunity for the Council to increase the parking associated with the Lichfield Street Car Park.

### BACKGROUND

Ballantynes are currently in the process of redeveloping their site on Lichfield Street located on the eastern boundary of the Council car park building (plans tabled).

For its own purpose, Ballantynes wish to build a basement goods handling facility to service Ballantynes and the Guthrey Centre with 1,000m<sup>2</sup> of retail space at ground floor for Ballantynes use and 1 level of car parking above with vehicle access through the Lichfield Street Council car park building. This would be designed and constructed so that it could be developed for retail or office use in anticipation of Ballantynes future expansion.

This development also presents a one-off opportunity to build a further four decks of car parking, each deck comprising 31 spaces, less 3 lost in the existing building in order to give vehicle access (i.e. net 28) providing a total of 112 spaces.

This proposal and associated issues gives rise to four matters requiring the Council's attention; these can be summarised as follows:

- Some form of access rights to create connectivity between the existing Lichfield St car park building and Ballantynes development whichever form it takes
- Council purchase of additional car parking in the air space above Ballantynes development
- A new lift installation in the Lichfield Street car park building for public use
- Management strategies for the existing Lichfield Street car park.

The first issue of access rights is covered by an agreement between J Ballantyne & Co. and Christchurch City Council, dated 31 July 1986. This was developed at the time the Council was purchasing land from Guthreys and Ballantynes for extension to the Lichfield Street Car Park. This agreement provides among other things a guaranteed right to Ballantynes for vehicle access through the Lichfield St car park for up to 60 cars over two floors and a right to negotiate with the Council for terms of access for a further 30 cars on an additional third level. It also provides for the Council to be compensated annually for any car parking spaces lost, as a result of providing such access and for the purchase and installation of any equipment used to control such access, including any associated labour costs.

It is also important to note that the agreement confers upon Council a contingent liability in respect of the expense to provide firewalls to comply with the relevant building code on the eastern side of the car park should Ballantynes wish to construct a retail or office development on the adjoining site.

In addition, the original 1986 Council resolution and the agreement do not contemplate such additional parking being utilised for public parking purposes. In actual fact the documentation is quite specific that it be utilised for tenants and senior management of Ballantynes and not in competition with the Council's activities.

### PROPOSAL

Ballantynes has requested that:

- A. The Council purchase the 112 net spaces on the top of four decks to be built above the Ballantynes retail development at the cost of \$16,500 a car park.
- B. The Council simultaneously install, at the Council's cost, another lift in the Lichfield car park to service the car park's patrons.

In addition, Ballantynes correspondence over the last few months has requested that the management strategy of the car park be reviewed in terms of the location within the building and the ratio of permanent and casual parkers so that the car park facility is operated in such a manner that maximises its support of central city retailers.

In essence diagrammatically Ballantynes are seeking to develop as follows:

Level 5	Roof top parking	28 parks	)
Level 4		28 parks	) Council
Level 3		28 parks	) Purchase
Level 2		28 parks	)
Level 1	Parking floor designed for future conversion to retail/commercial	26 parks	
Ground Level	Ballantynes retail	1000m <sup>2</sup>	
Basement	Loading dock & storage shared with Guthrey's		

## JUSTIFICATION

### Ballantynes

Listed below are some excerpts from a business case and proposal paper presented by Ballantynes. Some commercially sensitive aspects are included in the public excluded portion of the agenda. A full copy is available on request from the Property Projects Manager.

- *The existing Lichfield Street car park building is inadequate for present peak loadings and the future of this inner city block depends on parking being available for casual short term parkers.*
- *Long term and earlybird parkers use too great a share of the existing building.*
- *Even if this investment does not show an immediate financial return, it is imperative for the future medium term health of the city.*
- *This project would complete the concept of the Crossing.*
- *Ballantynes have worked with successive Councils and co-operated to assist the Crossing development in support of the Central City and its retailing.*
- *This concept has been envisaged and worked towards progressively over the years and should now be finished.*
- *This development gives Ballantynes and the city some exciting merchandise opportunities which will not be replicated in the suburbs or any other city in the South Island unless Ballantynes decides to take its business elsewhere – it has three offers currently. Without the support of the Council to help with the finishing of the vision for the Crossing development, Ballantynes Board is reticent to proceed at all.*
- *While Christchurch is supposedly over shopped by world standards, for the size of its population, it is essential that a critical mass of retail remain in the city centre.*
- *Of major benefit will be the inter connectivity between the Bus Exchange, The Crossing, Ballantynes first floor retail and both car parking buildings.*
- *It is envisaged this development will have a spin-off for other businesses both current and future in and around city mall*
- *Wilson's Car Parking has given notice to 30 permanent car parks in Lichfield Street within 30 metres of the Lichfield car park. Ballantynes have given notice to nine permanent car parkers who use the car park behind the Guthrey Centre, which will become retail space.*
- *This is a medium term commitment by business and the City Council for the future benefit of both. The cost of providing the equivalent at a later date would be significantly greater in such a strategic part of the city and an even later development on this site would be difficult due to problems and costs of craning.*
- *Ballantynes business already provides between 20 – 30% usage of the car park, and at times during the sale and November and December over 100 %. Not all people find parks (“while at these peak times the car park is at capacity not all of this is directly attributable to Ballantynes”).*
- *The most important factor in the Council's judgement is whether it is prepared to look ahead to capture one of the only two possible opportunities which will lead to the revival and creation of wealth and activity in the Central City and that is to support those that generate profitable commerce. The other being the development of inner city living which the Council is promoting. Nothing else will create the right climate for regeneration to take place.*

### Parking Demand, Supply and Management

Amongst other points Ballantynes' business case and proposal paper includes assumptions revolving around the view that the capacity of the existing Lichfield Street parking building is inadequate to cater for present maximum peak casual loading.

Analysis of casual occupancy statistics show that Lichfield Street ran at capacity for 7.3% of the total operating hours of this facility in the Year 2000, i.e. for 285 hours of 3,876 total operating hours.

Diagrammatically this can be shown as follows:

**Table 1**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
<b>Total No. of Hours at Capacity</b>	24	13	6	25	9	5	18	11	10	14	35	115

Total operating hours 3,876 divided by 285 = 7.3% @ capacity.

Normal design practice (included in the assessments of parking minima requirements in the City Plan) are that 85-90% of peak demand should be supplied. Therefore reaching capacity only 7.5% of the time indicates a slight oversupply for design purposes, if anything! As hinted at later, this is one of the more popular buildings and when it fills up, there are often plenty of spaces still available at other buildings/sites.

On the face of it this appears to support Ballantynes' view. However in reality it over simplifies matters and does not factor in other aspects of the supply – demand equation, inclusive of historical and current demand trends, new supply and what might be termed latent supply.

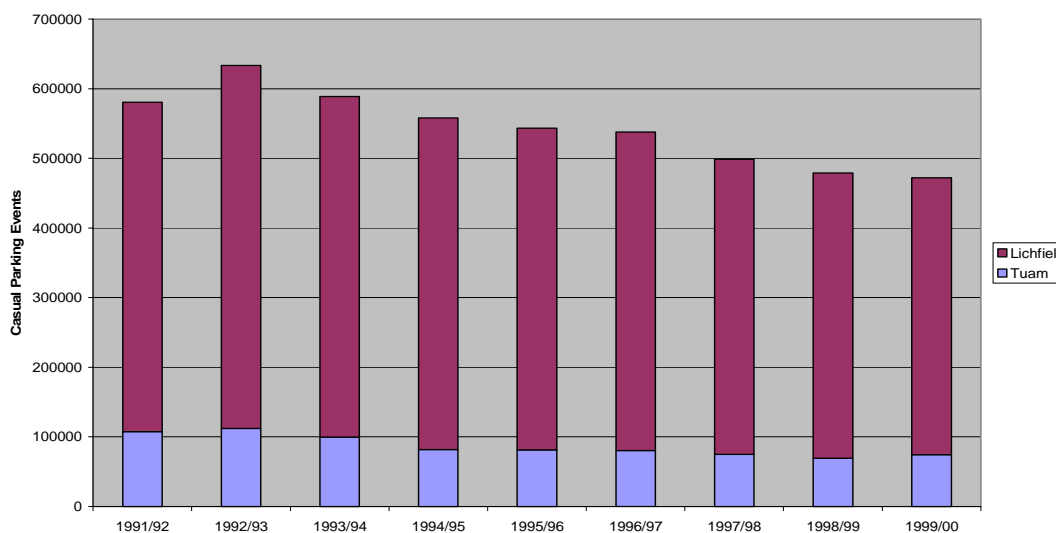
It should also be noted that even when the car park is running at or near capacity this does not mean people are unable to enter it and park, given that parking spaces continually turn over as people enter and exit the facility. There are however short periods when some queuing does occur, particularly during December, although the incidence of this has been minimised since the opening of the “Crossing” and should decrease further as people get used to the fact the “Crossing” is available.

Moreover the overall average peak casual demand, i.e. between 10.30am and 2.30pm Monday to Friday, at Lichfield Street during the course of a full year has been running at less than 80% over the past two years, while average demand was steady at around 48% capacity.

*Demand Trends*

Figure 1 below shows the combined casual parking trend for the Lichfield and Tuam Street Car Parks since the 1991/92 financial year:

**Figure 1. Lichfield and Tuam Street Car Parks - Combined casual parking trend: 1991/99 - 1999/00**



Whilst the decline in demand illustrated ‘flattened-off’ in 1998/99 and 1999/00, figures for the first six months of the current year indicate there was a further small decline in demand at the car parks concerned.

*Additional Supply*

The new “Crossing” parking building opened in October 2000, although it only became fully operational in November. This facility added **200** additional casual spaces to the parking supply controlled by the Council within the City Mall precinct, or in percentage terms approximately a 30% increase in supply.

Based upon a comparison of casual utilisation figures for the Lichfield Street, Tuam Street and “Crossing” Car Parks over the period October-December 1999 and the corresponding period in 2000, it is apparent that while there was a net gain in total vehicle numbers across the three facilities of 3,642 vehicles, visits to Lichfield and Tuam Street actually declined by 7,875.

This reduction was largely as a result of people shifting to the “Crossing”, which also attracted new customers, and it is anticipated this trend will continue and grow over time.

Figure 2. Comparison of combined casual parking events for three month period Oct - Dec 1999 and 2000

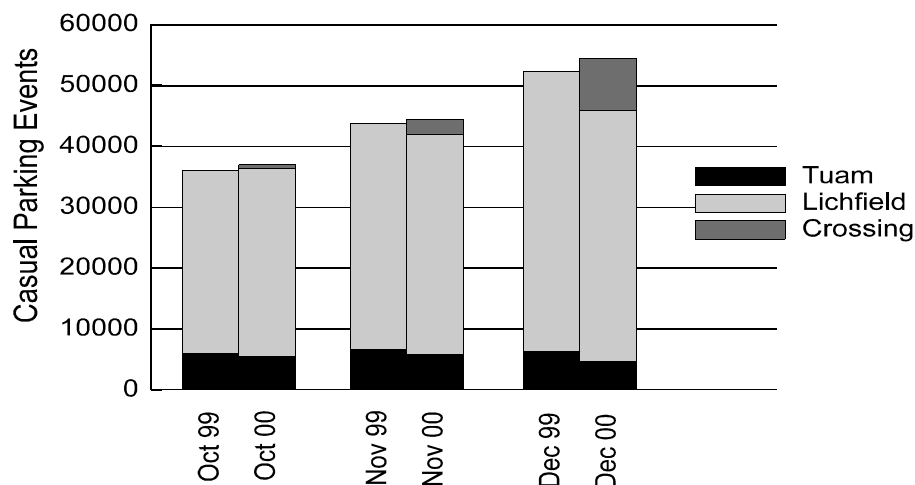


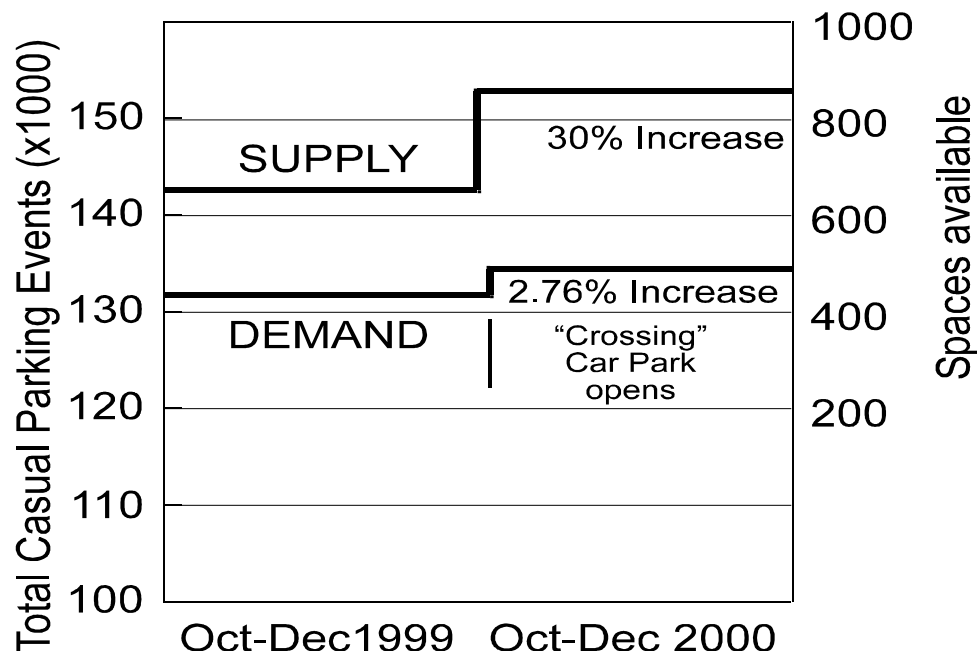
Table 2

	Lichfield St	Tuam St	“Crossing”	
<b>1999</b>	113,230	18,641	-	131,871
<b>2000</b>	108,207	15,789	11,517	135,513
<b>Total Net Increase</b>				3,642

In percentage terms, the net increase represents a 2.7% increase in casual demand over the three facilities, which from the perspective of the parties involved in the “Crossing” – Bus Xchange development is promising. However on a cautionary note the peak occupancy of the Crossing Car Park declined from a December high of around 90% on a handful of days to between 30-35% currently.

The fact remains therefore that casual parking supply has increased by 30% and to date demand has not increased commensurately as shown in Figure 3 below:

**Figure 3. Parking Demand - Supply trend per casual parking space for three month period Oct - Dec 1999 & 2000 for the Lichfield St, Tuam St & "Crossing" car parks**



In addition the Wilsons Cashel Street Car Park, which has not been factored into this report to this point also provides casual and permanent parking, with it is understood between 250 to 300 casual spaces and 200-250 permanent spaces.

*Latent Supply*

Part of the Parking Unit’s approach to managing off-street parking is to provide permanent/reserved parking to utilise capacity excess to average peak demand, minus a buffer calculated to provide for seasonal increases in peak demand.

Currently there are just in excess of 300 parking spaces allocated for permanent parking at the Lichfield Street Car Park. Of these approximately 100 are situated in what is referred to as the basement which is not particularly suitable for casual parking.

Nonetheless this leaves approximately 200 spaces that could be freed up to add to casual parking supply should demand increase to the point this is warranted. This would be equivalent to another “Crossing” Car Park, or a further 23.5% increase in supply over the combined total currently available at the Lichfield Street, Tuam Street and “Crossing” Car Parks.

## **Planning Comments**

The Parking Policy includes:

1. That parking is controlled to maximise the economic benefits to the city within acceptable environmental capacity with the primary consideration being the viability of the central city not just the return on parking buildings.

To achieve this will require:

- (a) To increase the capacity of the off-street facilities for short-term users by the progressive removal of long-term parkers (both leased spaces and Early Bird parkers).

and

- (iv) Increased priority being given to short-term parkers at the Lichfield Street, Cashel Street, and Oxford Terrace facilities and Manchester Street and Tuam Street facilities being utilised in general for long-term parkers.

## **City Plan**

The City Plan contains a number of relevant policies that aim:

- To encourage change in the transport system towards sustainability. (7.1.5)
- To provide a high standard of access for people to, from and within the central city. Access to the central city will be as free as practicable for all forms of public transport, business vehicles and private transport for short-term visitors. (7.2.7)
- To set minimum parking requirements for each activity and location based on parking demand for each land use, while not necessarily accommodating peak requirements (7.6.1)

Other policies support elements of the proposal for minimising access impacts and appropriate loading provision for the sites

### *Proposed Additional 112 Spaces – Best Use*

Should the Council elect to proceed with Ballantynes' proposal, the best use of the additional 112 spaces would be their allocation as permanent parking, on the basis they will be rather more difficult to access than other areas of the Lichfield Street Car Park, with the exception of the basement area.

This would entail relocating reserved parkers from the main body of the car park to the Ballantynes annex thus freeing up 112 permanent spaces for casual use, and increasing the supply of casual spaces within the facility by 22%, without needing to reduce the current level of permanent parking.

## **Central City Planning**

Ballantynes is a key retailer in the central city and the major anchor tenant for the Crossing area, if not the whole of City Mall. A vibrant retail core is vital to city centre revitalisation and Ballantynes proposal to add additional retail floor space is to be welcomed. However, there is a strong need to encourage integrated development with nearby building owners, including the site adjacent owned by Nam Yee. Such integration is particularly important in respect of car parking provision and linkages. However as currently proposed, and for various reasons, an integrated development is not being pursued. Ideally, any decision the Council makes at this stage would support both Ballantynes redevelopment/extension and ensure an integrated development throughout the block. At this stage there does not appear to be a proven need for additional parking in the central city, although better utilisation of the existing parking buildings is being addressed. Thus overall, supporting Ballantynes interest in extending/redeveloping will support central city revitalisation. However this particular proposal fails to capture the potential for an integrated development and proposed car parking that is both hard to justify and of a layout that is not particularly user-friendly (especially for casual users.)

## Property Issues

Purely on the basis of current supply and demand there is no case for additional parking in this precinct. On current utilisation there are a combined total of approximately 450 spare parks (at Lichfield, Tuam Street and the Crossing) if catering for average annual demand at 48, 56 & 30% respectively and approximately 210 spare parks if the strategy is to provide for average peak demand at 78, 84 and 60% respectively. Having said this there is potentially a shortage of 7.3% of the total opening hours when the car park has historically recorded 100% occupancy.

The critical deciding factor for this project is the fact that it is a one-off opportunity available only at this moment in time to provide for future demand should it increase substantially from current levels. Having said this the subject proposal is not mutually exclusive to other potentially available future options e.g. expansion on Tuam Street, building over Lichfield Street and integrating into the existing car park or other site acquisitions.

Unfortunately future car park demand is indeterminable. However, current statistics do not support such growth. Demand can only be generated not by increasing car parking alone but by making the central city a more attractive destination. That, however, is the crux and conundrum of the argument raised by Ballantynes. They and other retailers are endeavouring to do exactly that and perceive with confidence they will be successful; therefore the commitment to extra car parking is warranted now. A classic “chicken and egg” situation. However, as seen in the statistics, there is a reasonable surplus to be taken up before a real problem exists and the potential of the public transport system is yet to be fully realised. It is difficult to perceive on current conditions that there will be a car park shortage over the medium term future.

It should also be borne in mind that, at the end of 1999, the Council considered the erection of an additional level of car parking on the bus exchange development. This provided an opportunity for 100 car parks at a cost during construction of \$1.9M or including a cost penalty after construction at \$2.65M. It was resolved at the time not to proceed, owing to issues such as cost, unwarranted demand and the fact that if central city car parking did become critical in the future there would be more cost-effective ways of handling the problem. This earlier opportunity also represented a considerably better proposition in parking supply distribution, quality and design terms than the current proposal.

## FINANCIAL ANALYSIS

Analysis of the effect of adding 112 spaces to the current casual parking supply at Lichfield Street indicates that additional patronage of 280 vehicles per day would be required to maintain the financial status quo.

This represents some 87,000 additional vehicles per year (396,000 total for year 2000), or a 22% average increase in casual patronage and revenues of \$204,000.

This does not however factor in the new “Crossing” car park, the budget for which is predicted upon average daily patronage of 515 vehicles. Therefore additional new patronage of 795 (41% increase) vehicles would be required in order to maintain the status quo for Lichfield Street and to meet budget expectations for the “Crossing”.

At 100% occupancy a casual car park has the potential to generate a maximum gross revenue of \$4,306 pa. The current annual plan budget utilises \$1,822 pa/casual park. At six months the actual accounts are proving this budget to be realistic.

<b>Gross Revenue/Park</b>	<b>Maximum</b>	<b>Budget / Estimated Outcome</b>
	\$4,306	\$1,822
<b>Costs/Park</b>		
General Property Outgoings	\$178	\$178
Parking Unit Operating Costs	\$448	\$448
<b>Net Revenue/Park/Year</b>	\$3,680	\$1,196
<b>Total Net Revenue – 112 Parks</b>	\$412,160	\$133,952
<b>Return on Capital (Investment) of \$1.848M</b>	22.3%	7.25%

In financial terms this is close to the Council’s cost of capital. It is, however, based on the favourable assumption that the demand and supply equilibrium will be maintained as supply is increased. That is, demand will increase proportionately. We do not envisage, and recent evidence from the Crossing car park opening indicates, that this is unlikely to be the case. Please be aware that patronage figures to date clearly indicate that increased usage in the new Crossing has been largely to the detriment of the Tuam and Lichfield Street car parks. Hence the above financial table is developed in isolation to the overall effect of changing demand, it does not take into account the likely reality that losses would prevail elsewhere in other Council car parks as a result, therefore although in isolation it shows a reasonable return on capital the net effect on the Council’s overall business could be a loss.

Therefore, this is favourably weighted and represents, on current knowledge, a best case, if not unrealistic, scenario.

**ADVANTAGES AND DISADVANTAGES**

The pros and cons of proceeding with a deal that increases the amount of Council owned car parking at Lichfield Street are as follows:

<b>Advantages</b>	<b>Disadvantages</b>
<ul style="list-style-type: none"> <li>• One-off opportunity</li> <li>• Supports central city retailing</li> <li>• Anchors &amp; secures Ballantynes in the central city</li> <li>• Completes the “Crossing” concept</li> <li>• Meets “peak” demand requirements and future growth</li> <li>• Economies of scale in management and construction</li> <li>• Improves the possibility of rationalising other central city car parking (particularly redevelopment of the Tuam Street car park)</li> <li>• Replaces lost on street car parks including Colombo Street</li> <li>• Further reinforces and consolidates City Mall as the retail heart of Christchurch</li> <li>• Provides a reasonable return on capital</li> <li>• May cater for future effects of free parking, though those are unknown</li> </ul>	<ul style="list-style-type: none"> <li>• Compounds lack of demand and over-supply</li> <li>• Significantly exceeds current “average” demand requirements</li> <li>• Current proposal does not share risk</li> <li>• Future demand is indeterminable</li> <li>• Adverse impact on existing car parks (especially the Crossing)</li> <li>• Less than desirable internal access and traffic flow – makes the additional parks really only suitable for permanent parking</li> <li>• The Council has no budget provision for this capital expenditure</li> <li>• Circumvents the annual plan prioritising/public consultation process</li> </ul>

**SUMMARY**

**Easements**

Access rights to create interconnectivity between the current car park and the Ballantynes development in whatever form it takes is provided for by the 1986 agreement. This would however need to be varied, by agreement, depending on the nature of the Council’s resolution e.g. to provide for public parking. It is also quite likely that there is a better mechanism for creating access rights rather than an easement.

**Additional Car Parking**

In view of the existing demand and supply dynamics additional car parking is clearly not warranted at present. This, however, assumes a strategy of providing for “average annual” car parking demand and not “peak” requirements which comprise approximately 7.3% of the annual demand, though it should not be underestimated that these peak times are important events for retailers.

This is, however, a one-off opportunity. Erection of the additional car parking on this property at a future date would incur a significant cost penalty of approximately 40% (\$538,000 over the current cost of construction). It would also necessitate the closure of Lichfield Street for two to three months and be a difficult project in construction terms due to the long narrow nature of the site. It is, however, recognised that there are other externalities to consider, such as central city revitalisation and development.



## **Lift Installation**

Even with current demand officers agree that this is a necessary enhancement. The current annual plan contains \$60,000 in 2002/3 and \$50,000 in 2003/4 for lift gear and motor upgrade. A new lift would be approx \$250,000 on top of this.

## **Car Park Management Strategy**

The Parking Unit Manager agrees that the management of the parking mix at the Lichfield Street car park could be re-organised to better support central city retailing, e.g. re-positioning the permanent and casual car parking arrangements.

## **RECOMMENDATION**

1. That Ballantynes retail and car park proposal be supported through interconnectivity with the Lichfield Street car park generally in accordance with the 1986 agreement subject to the following variations:
  - (a) To allow for public car parking in their new development.
  - (b) Creation of access rights through other mechanisms if more appropriate than an easement.
  - (c) Waiver of the obligation for Ballantynes to contribute to additional control and management costs arising as a result of the additional car parks.
2. That the Council budget for and install a new lift in the northeast corner of the existing Lichfield Street car park to a standard and design supportive to the retail environment.
3. That the proposal for the Council to purchase car parks from Ballantynes for integration into the Lichfield Street car park be referred to the Central City Mayoral Forum for recommendation and funding options to Council on 22 February 2001.

The Chairman commented:

The Council has invested heavily in additional parking in the area in the last two years with the result that there is excess capacity except for a few brief periods in the year. The purchase of 112 car parks would, in effect, be a subsidy of about \$100,000 per year. In addition the Council has developed the bus exchange to encourage greater numbers of people into the central city on public transport.

- Recommendation:**
1. That Ballantynes retail and car park proposal be supported through interconnectivity with the Lichfield Street car park generally in accordance with the 1986 agreement subject to the following variations:
    - (a) To allow for public car parking in their new development.
    - (b) Creation of access rights through other mechanisms if more appropriate than an easement.
    - (c) Waiver of the obligation for Ballantynes to contribute to additional control and management costs arising as a result of the additional car parks.
  2. That the Council budget for and install a new lift in the northeast corner of the existing Lichfield Street car park to a standard and design supportive to the retail environment.

3. That the Council further investigate the proposal for the Council to purchase car parks from Ballantynes in the context of:
  - (a) Supply and demand indicators, with special reference to peak demand and medium to long term strategies.
  - (b) The future of the Tuam Street car park land.
  - (c) Redevelopment of the retail buildings near Ballantynes on Colombo and Lichfield Streets.
4. That, prior to commencing negotiations, the Central City Mayoral Forum be asked to comment as to whether they see the project as a priority and whether they consider it suitable for funding from the \$2M capital fund.
5. That a Subcommittee comprising the Chairman, Councillors O'Rourke and Evans be appointed to assist with the negotiations.