

7. HALSWELL LIBRARY REDEVELOPMENT

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The purpose of this report is to advise the Board of the growing pressure on Halswell Library due to the rapidly increasing residential population in the Halswell area, to present options to address this and to seek their support for the officer's recommendation to the Arts Culture and Heritage Committee.

EXECUTIVE SUMMARY

The report outlines the current and future expansion of housing in the Halswell area which necessitates the requirement to plan for a 1500m² library facility to meet these community needs into the future. Council has been pursuing a solution which will secure the long term future since December 2002, when it approved a request to purchase land adjacent to the current library. That land purchase fell through and officers have now assessed two further options: lease of the former supermarket currently vacant in the Halswell shopping centre; and purchase of a greenfield site adjacent to the Halswell Domain as part of a new subdivision. The strengths, weaknesses, opportunities and threats of these options have been evaluated, as have the comparative costs. The report concludes that the option to purchase land and build a purpose built library facility will provide the best financial, social and environmental outcome for the long term future of the library. However it is noted that there has been no funding identified for this project in the LTCCP.

BACKGROUND

In December 2002 Council approved the purchase of land adjacent to the present library site for future expansion of Halswell Library. Subsequently this sale fell through because the owner had sold to a developer who decided against on-selling a portion to the Council. That report outlined the rapid development of Halswell and adjacent areas which predicts that the population of the area will rise from 9549 as at the 2001 census to over 20,000 in the next 20 years.

Ivan Thomson, Team Leader, Area Development and Planning has commented on the growth of the area as follows:

"The Halswell-Wigram area is identified in the Proposed City Plan as one of the City's major urban expansion areas. So far approximately 250 hectares has been zoned for residential development around Halswell, and a little over 100 hectares of lower density development has been committed at Kennedy's Bush. At current rates of growth, this is likely to generate some 3000 additional households over the next 20 – 25 years. In addition, residential development is proceeding over part of the Wigram Aerodrome and that will continue once constraints such as existing leases have been removed, transport, surface water management and other infrastructure requirements have been committed, and the necessary statutory processes have been completed. Further development at 'Awatea' is deferred pending the resolution of some outstanding issues.

This development, together with the possibility of further growth on land yet to be identified, will generate a massive increase in demand for local and possibly metropolitan community facilities and open space. The current size of the Halswell Library and its site will be inadequate to meet this demand in the long term.

With the proposed southern arterial bisecting this growth area, existing community focal points at Halswell, and to a lesser extent Aidanfields, will expand in their role in servicing future residential areas to the south of the expressway. (Further consideration still needs to be given to how future communities north of the expressway will be serviced). An Area Plan is currently being prepared and one of its functions will be to identify and, to the extent possible, quantify community needs and other demands on infrastructure.

Without wishing to pre-empt the Area Plan, the most convenient and accessible site for a new library at Halswell is likely to be in the vicinity of Halswell Domain and the existing commercial area. The particular site chosen will obviously depend on land availability, effects, cost and other site-specific matters.

If the Council is to fund part of the costs of the library through a development levy, it must undertake a special consultation procedure and specify the capital work in its Long Term Council Community Plan.

NEED FOR A NEW HALSWELL LIBRARY

Halswell Library was extended in 1995 from 107m² to a modern 320m². The extension was achieved for a modest capital outlay (approximately \$320,000) and was always seen as a short term (10 year solution). The option to expand on the current site has been discounted as the site is not of sufficient size to build an appropriately sized library to meet the current and future demands. The required size for a library to serve the expected population is 1500m². This figure is based on *Standards for New Zealand Libraries* published by the Library Association of New Zealand Aotearoa.

A new Halswell Library has the potential to provide a similar customer and community experience to that of the South Library. The sustainable building will be at the heart of the existing and planned community providing spaces for events and meetings, facilities for individual study and group activities, plenty of magazines, newspapers and books, children's storytimes, the latest technology and music, and a café where friends and family can meet after enjoying all this community facility has to offer.

OPTIONS FOR A NEW LIBRARY

Following a seminar with the Arts Culture and Heritage Committee and the Riccarton Wigram Community Board on 21 January it was agreed that two options should be pursued.

Option 1 Lease the ex supermarket building in the Halswell shopping centre at Halswell and Nicholls Road corner. The land and 1800m² building is owned by Foodstuffs Ltd. The building is offered for lease only. It is not available for purchase. This option requires substantial refurbishment and modification to bring it up to the requirements of a library. Provision of library services for the community is restricted by lease terms.

Option 2 Build a new 1500m² building on land within the Halswell On The Park subdivision fronting Halswell Rd near the domain. This can provide for a purpose built facility offering long-term sustainability of library services for the community, at the same time flexibility of building design provides an exit strategy.

NON-FINANCIAL ATTRIBUTES

Site	Option 1: Ex Supermarket	Option 2: Greenspace
Building Area	1800m ²	1500m ²
Strengths	<ul style="list-style-type: none"> • Proximity to shopping • Resident's Association wants it • Large amount of public car parking • Building available • Easy access from different directions • Perceived safety • Good adjacency to shopping • Centre of community gravity • Public transport routes • Closer to other schools • Offset costs against sale of existing building 	<ul style="list-style-type: none"> • Good experience with standalone buildings (eg New Brighton, South Library, Fendalton) • Will be able to create an experience with other leisure activities • Better visibility / greater exposure • More flexibility • Purpose built design • Sustainable opportunity • Good adjacency to shopping • Centre of community gravity • Public transport routes • Closer to other schools • Spread initial capital outlay over 50 years (conservative) life of building • Offset costs against sale of existing building

Weaknesses	<ul style="list-style-type: none"> • Doesn't secure long term future of library • Land is not available for purchase • Lease terms – terms and \$\$ • Lease period indicated to be 9 years • Spread of capital fitout costs is over length of lease term and not building life • Needs modification – capital costs • Fitout required – capital costs • Need another tenant • Driven by mall 'culture' • Other parties maybe interested in leasing the building 	<ul style="list-style-type: none"> • Further from Halswell school • Residents not cognisant of option • Land purchase required • May miss out on land purchase opportunity - priority to secure land • Residents Association expectation of new library immediately
Opportunities	<ul style="list-style-type: none"> • Other Council involvement within building? • Surplus retail space could be sub leased to reduce costs 	<ul style="list-style-type: none"> • Other Council involvement within building? • Exit strategy
Threats	<ul style="list-style-type: none"> • Threat of future mall development (similar to Shirley Library and the Palms) • Need to find new premises in 9 years • Availability of appropriate land and/or buildings for future library services • No funding identified on the LTCCP 	<ul style="list-style-type: none"> • Accessibility – depending on road • No funding identified in the LTCCP

FINANCIAL ATTRIBUTES

Costs can be evaluated based on capital and direct operating costs, which can then be spread over the economic life (the period during which an asset can be expected to provide economic benefits) of the building. Capital and operating costs can be identified as:

Capital Costs	Operating Costs
<ul style="list-style-type: none"> • Land • Building structure and shell • Services including electrical, data, fire, plumbing, HVAC, lifts • Refurbishment / Modifications • Floor coverings • Suspended ceilings • Interior partitions • Professional fees • Furniture and fittings 	<ul style="list-style-type: none"> • Insurance • Rates • Rental • General Maintenance • HVAC Maintenance • Fire Maintenance • Cleaning • Asset Management fees • Grounds maintenance • Energy Costs • Other Units on-charging

The operational costs of the two options are relatively similar and comparable in dollar terms, the only differences being:

- Option 2 can provide the opportunity to make cost reductions through means such as energy efficiency and sustainability strategies that could otherwise be constrained by an existing building.
- Rental rates – (exclusive of GST and outgoings estimated in Option 1 to be \$50,000)
- Option 1 Rental Rate \$130.00/m² Annual Rental \$234,000
- Option 2 Rental Rate \$154.60/m² Annual Rental \$231,500 (Based on current internal property rental)

Rental for Option 2 is an internal rental charge therefore, does not constitute a direct operating cost. Option 1 however is an external rental charge and thus does contribute to the overall direct operating costs.

The following is a summary of estimated capital costs. Option 1 has been adjusted down to 1500m² to enable a more comparable analysis with Option 2.

Costs	Option 1*	Option 2
• Land acquisition	\$0	\$530,000 ¹
• New construction including building structure/Shell, services, fitout including floor coverings, partitions, ceilings	\$0	\$3,750,000 ²
• Refurbish including fitout, modifications, services, floor coverings, partitions, ceilings	\$2,100,000 ³	\$0
• Furniture & Fittings	\$576,000 ⁴	\$576,000 ⁴
Total Capital Costs	\$2,676,000 ⁵	\$4,856,000 ⁵
Capital Spread Period	9 Years	Building – 50 years Fitout – 15 years

Notes:

1. Land values and size have not been negotiated with the developer. Vacant residential land sales over the last 12 months indicate an area average of \$165/m², based on 4000m² this would equate to \$660,000 reduced by 20% for larger size.
2. Construction and fitout of a new building at a rate of 1500m² @ \$2500 / m²
3. Refurbishment of existing building at a rate of 1500m² @ \$1400 / m²
4. Furniture replacement at a rate of \$384 / m²
5. Costs exclude any allowance for landscaping and car parking. Estimated rates have been based on current and historical QS budgets developed for comparable new constructions and refurbishments, adjusted for current market conditions. These costs are indicative only and should not be used for the basis of determining definitive budget requirements

*Capital costs have been adjusted to 1500m² to enable a true comparison with option 2. Costs associated with an 1800m² floor area are:

Fitout	1800m ² @ \$1400/m ²	\$2,520,000
Furniture & Fittings	1800m ² @ \$384/m ²	\$ 691,200
Total		\$3,211,200

NATURAL + PEOPLE + ECONOMIC STEP ASSESSMENT

#	CONDITION:	Meets condition ✓✓0*	HOW IT HELPS MEET CONDITION:
The Natural Step			
N1	Reduce non-renewable resource use	Option 1	Re-developing an existing building
N2	Eliminate emission of harmful substances	Option 2	Where possible use of natural materials
N3	Protect and restore biodiversity and ecosystems	Option 2	Ensuring that the surrounding land is landscaped appropriately
The People Step			
P1	Basic needs met	Both	Literacy, learning, recreation, community place. Place provided for people to meet together
P2	Full potential developed	Both	As above
P3	Social capital enhanced	Both	As above
P4	Culture and identity protected	Option 2	Provides opportunity to design building sympathetic with community environment
P5	Governance and participatory democracy strengthened	Both	
The Economic Step			
E1	Effective and efficient use of all resources	Option 2	Long term sustainability and better rate of return on capital over time
E2	Job rich local economy	Option 2	More jobs created through new building
E3	Financial sustainability	Option 2	As above

CONCLUSIONS

The area is experiencing significant growth both in population from new housing developments and library business. The strategy for library services needs to provide the mechanism in which to accommodate these growth changes in order to meet the needs of current and future generations i.e. sustainability. Consequently the built facility must also be matched appropriately in order to support libraries in delivering library services effectively.

Foodstuffs have indicated the land is being held for future mall development, a library located within this site has the potential to end up in a situation similar to that being experienced by the Shirley Library at present and this needs to be avoided.

The threats and weaknesses associated with Option 1 represent high risks. Overall this option is a short-term solution that cannot support the sustainability of long-term delivery of library services for the community. A key disadvantage is that the constraint of the lease period (9 years) will necessitate the requirement to find new premises within 9 years resulting in more and potentially higher capital outlay and another relocation. The risk is that in 9 years time there will be no land purchase opportunities and no buildings available suitable for library purposes. This level of risk is perceived as high.

The ex-supermarket building is available (providing the owner has not entered into a lease agreement with another party). In order to secure the building action would need to be immediate which will generate additional costs for which no budget is currently available.

Capital expenditure is high due to the current condition whereby the building requires a complete refurbishment to bring it up to library standards. This expenditure has an estimated life of 9 years this equates to \$297,333 per year exclusive of financing costs.

The main advantages of this lease option is its proximity to shopping, availability of parking, access to public transport routes and schools and its centre of community gravity, however these factors are also applicable to Option 2.

With Option 2 there is the opportunity to secure land now for long-term library use. With the increase in residential subdivisions in the area this opportunity may not reoccur or exist in the future.

There are significant advantages with Option 2 these being the other examples of similar successful facilities such as South, Fendalton and New Brighton Libraries. A new building can provide for multiuse and co-occupation with other Council services and can link with other leisure and recreation activities. The positioning has greater exposure and street appeal, with long-term sustainability.

The greatest advantages of Option 2 are firstly the ability to spread the capital costs over 50 years, and secondly the timing. To secure the land, finance is not required until 2005/06, and the land would not be ready for settlement for 1-2 years. This will provide sufficient time to adequately plan and cost building options to ensure what is built is appropriate and adequately funded.

Staff

Recommendation: That the Community Board supports a recommendation to the Arts Culture and Heritage Committee that Council proceeds with progressing Option 2 to purchase land for a new purpose built library building within the new subdivision on Halswell Road.

Chairman's

Recommendation: For discussion.