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The purpose of this report is to advise the Strategy and Resources Committee of the accommodation options to meet the Spreydon Library's demand for additional space and seek approval to proceed with one of those options.

#### PROPERTY BACKGROUND

<b>Site:</b>	The Spreydon Library is situated in the southern corner of Barrington Park next to the Barrington Mall complex.
<b>Legal Description:</b>	Lot 1 DP 63938 Gazette Notice 72/2077 (Library) (1870m <sup>2</sup> )
<b>Designation:</b>	<p>By declaration that the land is a Public Reserve, pursuant to the Reserves and Domains Act 1953.</p> <p><i>"The Minister of Lands hereby notifies that the following resolution was passed by the Christchurch City Council on the 8<sup>th</sup> day of September 1972.</i></p> <p><i>That in exercise of the powers conferred on it by Section 13, Reserve and Domains Act 1953. The Christchurch City Council hereby resolves that the piece of land held by the Mayor, Councilors and citizens of the said city, in fee simple and described in the Schedule hereto, shall be and the same is hereby declared to be a public reserve for library purposes within the meaning of the said Act."</i></p>
<b>Park:</b>	In 1923 at the request of the Spreydon residents, the Christchurch City Council purchased 14 acres of land with a wide frontage on Barrington Street for the purpose of a park and recreation ground.

#### UNIQUE COLLECTION OF TREES

In August 1924 as part of the City's Arbor Day celebrations the well known nurseryman, the late Mr Robert Nairn, donated a valuable collection of weeping and horizontal-branched trees which were planted at the southern end of the park, now directly behind the library. This collection includes the weeping elm, the horizontal elm, the weeping ash, the weeping golden ash, the kilmarnock willow, the weeping rowan, the weeping birch, a horizontal thorn and a weeping thorn. A number of these trees occupy the land, which was gazetted in 1972 to be a public reserve for **Library purposes** (refer above).

## **DISABLED CHILDREN'S PLAYGROUND**

Also occupying the north eastern end of the land designated for library purposes is a children's playground. Officers from the Parks Unit have advised that this can be shifted. There is a budget provision of \$35,000 1998/99 for replacement/upgrade on its current site.

## **LIBRARY BACKGROUND**

In the early 1970s the Spreydon Library was built to meet the demands of the local community. The building contains a ground floor area of approximately 261m<sup>2</sup> and a mezzanine floor of 87m<sup>2</sup>. There is no off-street parking. Public toilets serving the park adjoin the library to the north.

The existing library is too small to meet current service requirements; it does not meet the new requirements for suburban libraries; or the Council's new direction in suburban service delivery.

To meet this demand a far greater area is required (approximately an additional 500m<sup>2</sup>).

## **HISTORY**

Expansion of the Spreydon Library was first identified as a requirement in 1993 as part of a development/enhancement plan for suburban libraries. In 1996 a budget provision was made and action initiated to fulfill this requirement. Subsequently a report was developed in 1998 outlining nine options, the advantages and disadvantages of each along with associated issues.

The report was presented in May 1998 to the Parks and Recreation Committee and the Spreydon/Heathcote Community Board, then again in June to the Community Services Committee, the latter seeking direction for further progression.

The options presented were as follows:

Option 1 – Extend the existing library to the rear of the existing building.
Option 2 – Extend the existing library to the rear with building alteration design allowing for unique tree retention.
Option 3 – Two storey development including existing and to rear of existing building.
Option 4 – Extension into park along Barrington Street.
Option 5 – Barrington Mall development.
Option 6 – Purchase of land from Mall developers.
Option 7 – Lyttelton Street yard.
Option 8 – Beckenham Service Centre.
Option 9 – Purchasing residential property adjacent to the Mall.

The Spreydon/Heathcote Community Board at its meeting on 5 May 1998 resolved:

*“Members when considering the report agreed that there was a need to expand the existing premises but were also strongly in favour of retaining the trees.*

*The Board decided to advise the appropriate Standing Committees:*

1. *That the Board excepts the expansion into Barrington Park (option 4) and the extension to the rear of the existing building (option 1 and 2) are not feasible options.*
2. *That the Board prefers the library to be developed on a single level with a desired floor area of 850m<sup>2</sup>, alternative premises in the Barrington vicinity should be further investigated (option 9).*
3. *That if the outcomes of the foregoing investigations were not viable then option 3 should be proceeded with.*
4. *That when a decision had been made on a preferred option the views of the community should be sought.”*

The Parks and Recreation Committee considered the same report on 13 May 1998 and resolved:

*“The Committee decided to recommend to the Community Services Committee that because the removal of unique trees will be required, the request to extend the Spreydon Library into Barrington Park be declined and the Property Unit be requested to look for an alternative site for the library.”*

Both reports were considered together by the Council on 27 May 1998, when it was resolved (inter alia):

*“That the Community Services Committee be requested to analyse the cost implications of the various options when it considers this issue.”*

A brief report was submitted to the Community Services Committee on 8 June 1998 outlining the above mentioned meeting results and seeking the Community Services Committee’s direction as to the course of action the Property Unit should take. It was resolved:

*“The Committee noted the options detailed in the previous reports, in particular options 3 and 9 relating to a two storey development on the existing site or the option of purchasing nearby property for the construction of a new library.*

*The Committee decided:*

- 1. That the information be received.*
- 2. That the Property Manager and Libraries Manager be asked to investigate alternative options 3 and 9 so as to allow the retention of the unique tree collection and report back to a further meeting of the Committee.*

*In accordance with the Council resolution of 27 May 1998 cost implications of the various options would then be considered.”*

#### **CURRENT SITUATION**

Option 9 has been exhausted. There are no opportunities due to some residents' unwillingness to sell.

Options 5-8 were also discounted in the original report for various reasons.

In December 1998 an opportunity presented itself to lease some space in Barrington Mall. A plan of the space available is attached along with a site plan indicating positioning within the Mall development.

It should be noted that this space is part of the original Barrington Mall and is the last stage for development. Accordingly it is not in the best condition for presentation and some vision is required to recognise its potential. Some tenants have been signed up for the immediately adjoining spaces eg Hammer Hardware and a Steak House. Their fitouts commenced over the Christmas period.

The property offered in the mall can be secured either under a lease, a lease with a first right of purchase, or immediate purchase.

The developer is actively marketing the subject space and has expressions of interest from the likes of Deka and Payless Plastics, therefore we must work on the presumption that this space will only be available for a limited period of time.

More recently the developer has re-presented the opportunity in Barrington Mall with the possibility of purchasing a title to the space rather than leasing.

The space would be tidied up to bare shell ready for fitout. The available space is 790m<sup>2</sup> on the ground floor with a further 313m<sup>2</sup> on the first floor if desired, total 1103m<sup>2</sup>.

Rental and purchase prices for the options are:

	<i><b>Rent</b></i>	<i><b>Purchase</b></i>
Ground and first floor	\$165,000 pa	\$1,610,000
Ground floor only	\$154,000 pa	\$1,503,000

Lease terms are negotiable. This should be viewed as a long-term commitment and therefore a minimum term of 12 years should be considered so as to maximise our negotiating position. It is also quite likely that rent reviews can be indexed to CPI. Please note that all figures quoted are initial asking positions and represent worse case scenarios.

#### **CURRENT OPTIONS**

Option 1 add on to Spreydon Library – rear addition.

Option 2 add on to Spreydon Library – two storey addition.

Option 3 add on to Spreydon Library – extension to north (along Barrington Street on to the Park).

Option 4 add on to Spreydon Library – building around trees.

Option 5 lease space in Barrington Mall (ground floor only).

Option 5\* lease space in Barrington Mall (ground and mezzanine floors).

Option 6 purchase space in Barrington Mall (ground floor only).

Option 6\* purchase space in Barrington Mall (ground and mezzanine floors).

Outlined below are the perceived advantages and disadvantages of each option.

All add on options utilise a basis of providing 850m<sup>2</sup>.

#### **Option 1 - Extend the existing library to the rear of the existing building.**

This option extends the existing building directly to the rear at a single storey level for the additional 500m<sup>2</sup> required.

The advantages and disadvantages are detailed in brief as follows:

<i><b>Advantages</b></i>	<i><b>Disadvantages</b></i>
<ul style="list-style-type: none"><li>• Location suitable to the library.</li><li>• The addition fits on to the existing building.</li><li>• Parking could be provided on site</li><li>• Retains library with a street frontage.</li></ul>	<ul style="list-style-type: none"><li>• Requires removal of unique trees and a number of other trees.</li><li>• The building would be located closer to the playing fields.</li><li>• The children's playground area is disrupted, needs to be resited.</li><li>• A notified resource consent is required.</li><li>• The Parks Unit advise that there will be damage to tree roots if parking is allowed on site.</li><li>• Stormwater drain to be built over.</li><li>• Poor public support</li></ul>

#### **Option 2 - Two storey development including existing and to rear of existing building.**

This option involves a two storey construction incorporating the existing structure and further to the rear of the existing building.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>• Uses less ground space with some unique trees therefore remaining.</li> <li>• The possibility of the existing children's playground will remain intact.</li> <li>• Parking could be provided on site.</li> <li>• Retains library with a street frontage.</li> </ul>	<ul style="list-style-type: none"> <li>• Increased maintenance and administration.</li> <li>• Some unique trees affected.</li> <li>• Size requirement not met if all unique trees to be retained.</li> <li>• Possible height restrictions, to be resolved.</li> <li>• The Parks Unit advise that there will be damage to tree roots if parking is allowed on site.</li> <li>• Library would need to relocate during construction.</li> <li>• Stormwater drainage issue.</li> <li>• Notified Resource Consent.</li> </ul>

### **Option 3 - Extension into Park along Barrington Street (North).**

This option would extend the existing library building further along the frontage of Barrington Street.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>• Little disruption to children's playground.</li> <li>• Unique trees not affected.</li> <li>• Possible land is available for carparking at rear of present site.</li> <li>• Better street frontage.</li> <li>• Retains library with a street frontage.</li> </ul>	<ul style="list-style-type: none"> <li>• Reserve land involved ie Department of Conservation approval required.</li> <li>• Public toilets need relocating, or building layout compromised.</li> <li>• A number of trees along Park frontage to be removed (although not specimen).</li> <li>• Possibly not favoured by local residents (view of park obstructed)</li> <li>• Impact on playing fields.</li> <li>• The memorial gates to the Park need to be relocated.</li> <li>• Resource consent issues.</li> </ul>

#### **Option 4 - Extend the existing library to the rear with building alteration design allowing for Unique Tree retention.**

This option is essentially a small variation of option 1 with the extension to the building being undertaken so that the unique trees to the rear of the existing building are retained. This option would result in an irregular shaped extension, essentially two separate areas joined by a corridor.

<i><b>Advantages</b></i>	<i><b>Disadvantages</b></i>
<ul style="list-style-type: none"><li>• Avoids major unique trees.</li><li>• Location is suitable.</li><li>• The addition fits on to the existing building.</li><li>• Retains library with a street frontage.</li></ul>	<ul style="list-style-type: none"><li>• A number of other trees (excluding unique) still need removing.</li><li>• The children's playground requires re-siting.</li><li>• The building will be closer to the playing fields.</li><li>• There is a possible need to purchase/obtain rights to adjoining land for parking as no separate parking could be allowed for on site.</li></ul>

#### **Option 5 & 6 – Moving the library operation to Barrington Mall**

<i><b>Advantages</b></i>	<i><b>Disadvantages</b></i>
<ul style="list-style-type: none"><li>• Location suitable.</li><li>• Very good access and parking.</li><li>• Meets space requirements.</li><li>• Provides flexibility and a number of options.</li><li>• All on one level with functional space.</li><li>• Avoids consent and trees issues.</li><li>• Higher residual future value.</li><li>• Less disruption to current operation.</li></ul>	<ul style="list-style-type: none"><li>• Leaves existing Spreydon Library surplus to requirements</li><li>• No street frontage.</li></ul>

The costs are summarised in the attachment.

#### **FINANCIAL ANALYSIS**

To consider the viability of relocating the library to space in Barrington Mall we have considered the options utilising an “apples for apples” analysis and comparison.

Accordingly the construction cost of the various options have been comparatively costed by an independent Quantity Surveyor with input from Parks and Water Services where required. These costs have been utilised in a 10 year discounted cashflow analysis to provide comparable net present value accommodation costs of providing such service.

In analysing the service delivery costs for the Barrington Mall options it has been assumed that the existing library, which would become surplus to requirements is retained in Council ownership and leased at market rents.

It is also assumed that the asset value of either building is the same at the beginning and end of the analysis period ie there is no capital gain or loss.

The lost tree value has been calculated utilising the formula provided for in the City Plan and a 50% probability of survival.

A summary of the first year costs utilised in the financial analysis and results are attached.

It should be noted that options 1-4 are based upon an area of 850m<sup>2</sup> whereas in option 5 and 6 the ground floor of Barrington Mall is physically constrained to 790m<sup>2</sup>. Similarly for the same reason option 5\* and 6\*, which incorporates the first floor space, provides an additional 313m<sup>2</sup> giving a total of 1103m<sup>2</sup>.

For the purpose of this exercise a fair market value of the existing Spreydon Library has been assessed at \$310,000 whereas it currently has an asset valuation for Council records of \$564,000. Under the Barrington Mall options this asset becomes surplus to requirements and for the financial analysis it is assumed to be relet at market rates. Consideration in these deliberations needs to be given to the fact that this property will become surplus to requirements and it may be ultimately dealt with in a different manner than that assumed under this analysis i.e. returned to park.

#### **VALUE ANALYSIS**

A weighted value attributes analysis has been applied to analytically evaluate the various options. (The results are attached.)

The ranking system utilised has a scale from 1-10, worst to best respectively. Six attributes have been identified and percentage weightings applied to each, thereby producing an optimum option score of 10.

The attributes are discussed as follows:

#### **Location**

Although both options are within the same vicinity of Spreydon this factor takes into account issues such as site proximity and placement, area in which positioned, aspect, outlook and visibility.



**Cost**

The inputs into this factor are the net present value costs of providing a library facility under the various options as outlined above in the financial analysis.

**Access and Parking**

This attribute has been graded from a customer-focused perspective with emphasis on ease and friendliness of use.

**Functionality**

In grading the options under this category we have considered both customer requirements and the Library staff's requirements in respect of layout, administration, security etc.

**Development Impediments**

This attribute is to some extent politically and community orientated and takes into consideration issues such as trees, relocating improvements eg memorial gates, playground, drainage issues, consent processes etc.

**Future Use/Flexibility**

Components in the consideration of this attribute have been exit strategies and availability, expansion prospects, ability to incorporate service centre functions.

Obviously grading for a majority of the above attributes will be a subjective process, but has in this instance been carried out through discussion and agreement between the Property Projects Manager and Library staff.

**PERTINENT FACTORS**

The following comments from the Libraries Manager have been extracted from the previous report:

*“The Spreydon Library is woefully inadequate to deliver the volume of customer business it is currently doing. The Council has already recognised this by including an extension to the building in its suburban library redevelopment programme. There are also health and safety issues, both for customers and staff, in continuing to operate out of a building which is too small and has a mezzanine floor. The site designated for library purposes is adequate for the needed extension and the extension will be required regardless of whether or not a library is built in Beckenham/St Martins. The issue surrounding the removal or relocation of trees on the site needs to be resolved so that this project can move forward. If this site proves not to be available we will need to find another site in the area which is of sufficient size to accommodate a new library/service centre.”*

*“The question of a library in the Beckenham/St Martins area can and should be resolved separately from the issue of the Spreydon Library. A new library in that area will not impact on the business done at Spreydon. The current issue per square metre is almost double that of any other library in the network. We would require a 40% reduction in existing business before the existing premises would come anywhere near*

*adequate. The opening of a new facility in the Beckenham/St Martins area would not have this sort of impact on the Spreydon Library and this is borne out by our experiences in opening both the Shirley and Linwood Libraries. The New Brighton library suffered a slight drop in business for about 18 months of 2-3%. The closing of the Spreydon Library would seriously disadvantage the citizens of that catchment area and the current customers."*

Should the library relocate to Barrington Mall the existing library facility will become surplus to requirements. It would be extremely difficult, if not impossible, to create a fee simple title and/or revoke the reserve status. There is a possibility that the existing building could be used for an alternative community purpose or a complementary commercial use to the park, i.e. café or food. Any non-complying activity will require a resource consent application, which would require public notification. Should such alternative uses be unattainable the likely result is that the library designation would be uplifted and the underlying reserve status would prevail and therefore conversion back to park is highly likely.

As outlined at the beginning of this report this matter has been budgeted for and looked at in earnest since 1996 with no satisfactory resolution to date. The budget provisions in the corporate plan are \$1.1m for 1998/99 and \$100,000 for 1999/00. These are building related only, the library fitout is separately provided for with \$182,729 carried forward from 1997/98. Please note that this report deals only with the building/property issues associated with sourcing suitable accommodation. The fitout should be, and is assumed to be, equivalent for all options.

The opportunity to obtain the space in Barrington Mall will only be available for a limited period. The developer claims to be deferring negotiations with other retail prospects, as he would prefer to secure the Council as a tenant but cannot do this indefinitely. Therefore, there is a reasonable risk that this space will not be available in a few months' time.

Obviously the Parks Unit is strongly opposed to removal or relocation of the trees at the rear of the building and encroachment on the park area as proposed under option 3 - this would impinge upon the playing fields which already have marginal surrounds. Additionally they consider the "add on" options present risk of root damage and disturbance even for the trees being retained.

Fundamentally it is considered that the Council should oppose the development of substantial improvements on park / reserve land, as they invariably have no long-term residual commercial value. For these reasons, adding on to the existing library in this instance will only compound and defer the current problem to the detriment of future Councils, constraining their options.

Revocation of the Reserve status and rezoning through variation of the City Plan to achieve a broader use, are both difficult processes, time-consuming by nature and involving significant public consultation.

## SUMMARY

The range for the ten year cashflow present values over the eight options is \$529,027, from option 1 \$1,435,169 (rear addition to existing Spreydon Library) to option 5\* \$1,964,196 (leasing both ground and mezzanine floor in the Barrington Mall).

The estimated initial capital outlay (excluding sunk costs ie the existing Spreydon Library value) are ranked as follows:

- Option 5 - \$582,398
- Option 5\* - \$831,450
- Option 3 - \$1,299,500
- Option 4 - \$1,302,000
- Option 1 - \$1,411,400
- Option 2 - \$1,529,000
- Option 6 - \$2,085,398
- Option 6\* - \$2,441,450

The weighted value attributes analysis clearly indicates the options utilising Barrington Mall as more favourable. It is clearly a better location, has far superior access and parking, provides good functional space, has superior attributes in respect of future use and flexibility, and does not have the significant development impediments associated with most of the on-park extension options.

## CONCLUSION

In carefully analysing the options it is noted that when excluding options 2 (two storey addition) and options 5\* and 6\* which provide a significant amount of additional space. The range between the options is only \$215,142 from option 1 \$1,435,169 (rear addition option) to \$1,650,311 (building around the trees).

Clearly option 2 can be eliminated. It is relatively expensive considering it only provides 850m<sup>2</sup> as opposed to the similar costings of options 5\* and 6\* which will provide space of 1103m<sup>2</sup>. Additionally option 2 provides an extremely poor environment from an operational perspective and has ranked lowest on the weighted value attributes analysis.

Options 5\* and 6\* should be considered separately as they do not represent a true apples for apples comparison because of the additional area opportunities and flexibility they provide.

Working through the options logically in this manner leaves option 1, 3, 4, 5 and 6 for comparative consideration.

In options 1 and 3, an amount of the \$30,000 has been incorporated for consent, dispute and consultation processes. However, this could easily be exceeded both in respect of legal and staff costs as both issues involve the removal and / or relocation of trees and

park improvements e.g. playground and memorial gates. These will prove to be very emotive public issues which could conceivably delay the project for another year or two and increase costs substantially more than anticipated. By way of example we cite the problems associated with erecting the current public toilets at the end of the existing library building. For these reasons alone we do not consider these options viable alternatives and this is reflected in the earlier Council resolution.

Option 4 similar to option 2 provides a dysfunctional working environment and is ranked second to lowest on the weighted value attributes analysis.

Options 5 and 6 have ranked highly on the weighted value attributes analysis and in relationship to the other options are the most cost effective and feasible for the reasons outlined above.

The initial capital investment required under options 5 and 5\* are within the current Corporate Plan budget provisions.

In addition to these comparative options consideration should be given to options 5\* and 6\* which provide an additional first floor area of 313m<sup>2</sup> at a cost of approximately \$350,000. Although there is no immediate library need for this space it would provide an option for future library expansion or other Council use. Although not thoroughly canvassed with the developer there is a possibility that an option of first right of refusal to purchase this space could be obtained and consideration of this matter deferred until further use issues can be considered more thoroughly.

The main issue to be considered in deciding between options 5 and 6 or 5\* and 6\* is the advantage and disadvantage of leasing as opposed to purchasing. We favour the leasing option as it provides more flexibility in respect of exit strategies. It does not tie up capital, which could be better utilised or more productively applied to other projects or higher returning investments. Additionally in the current low inflationary economic environment, which we would have to assume will prevail into the foreseeable future, due to the desire of world economies for stable financial and economic markets, the advantages of capital growth by virtue of ownership are not anticipated to exist.

- Recommendation:**
1. That option 5 is the preferred choice to meet the Spreydon Library's current demand for additional space.
  2. That authority be delegated to the Property Manager and Chairman of the Projects and Property Committee to approve a lease of the ground floor space in Barrington Mall as presented on terms and conditions no worse than prevailing market conditions dictate for a term and rental as set out in the Public Excluded Section of this report.
  3. That the premises be taken over in a bare shell condition ready for tenant retrofit and fitout.

4. That the quality and presentation of the exterior is in keeping with the recently completed portions of the Barrington Mall complex.
5. That endeavours are made to obtain a right of first refusal to lease the first floor as well as a purchasing option on the ground floor and first floor if desired.

**Chairman's**

**Recommendation:**

The Chairman's comments and recommendation on the above proposal will be tabled at the meeting.