



**I give notice that
an Extraordinary Meeting of Council will be held on:**

Date:	Thursday, 13 April 2017
Time:	9.00am
Location:	Council Chamber 72 Lake Terrace Taupo

AGENDA

MEMBERSHIP

Chairperson Mayor David Trewavas

Deputy Chairperson Cr Rosie Harvey

Members

- Cr John Boddy
- Cr Zane Cozens
- Cr Barry Hickling
- Cr Rosanne Jollands
- Cr Tangonui Kingi
- Cr Anna Park
- Cr Christine Rankin
- Cr Kirsty Trueman
- Cr John Williamson

Quorum 6

**Gareth Green
Chief Executive Officer**

Order Of Business

- 1 **Apologies**
- 2 **Conflicts of Interest**
- 3 **Policy and Decision Making**
 - 3.1 Inclusion of project in Annual Plan 2017/18 - Proposed changes to the Taupo District Council Lake Terrace Building3
- 4 **Confidential Business**
 - Nil

3.1 INCLUSION OF PROJECT IN ANNUAL PLAN 2017/18 - PROPOSED CHANGES TO THE TAUPO DISTRICT COUNCIL LAKE TERRACE BUILDING

Author: Gareth Green, Chief Executive Officer

Authorised by: Gareth Green, Chief Executive Officer

PURPOSE

To provide Council with information regarding the identified issues with the Taupo District Council office building located at 72 Lake Terrace, Taupō and the options to address these issues.

For Council to decide if funding should be included in the draft Annual Plan 2017/18 for this project and if consultation is required.

EXECUTIVE SUMMARY

A number of serious health and safety issues have been identified with the main Council building at 72 Lake Terrace, Taupo. These issues include the presence of asbestos in the external cladding, deficiencies in the earthquake strength of the building, a fire risk due to obsolete cabling and ducting in the roof cavity and a leaking roof. Six reasonably practicable options have been assessed to address these issues with the preferred option the construction of a new Council building on the current site. It is proposed that funding is included in the Annual Plan 2017/18 to provide for the project. Consultation is required as this project was not included in the Long-term Plan 2015 – 25.

RECOMMENDATION(S)

- That Council confirms that its preferred option to address the identified health and safety issues with the main Council building is the construction of a new building.
- That Council's preferred site for a new building is the current site at 72 Lake Terrace, Taupo.
- That Council agrees to include the costs of relocating staff from 72 Lake Terrace Taupo, temporary office accommodation and for design and consenting costs associated with the construction of a new Council building in the draft Annual Plan 2017/18.
- That Council agrees to include the preferred option and relevant information in the Consultation Document for the Annual Plan 2017/18.

ISSUES

Taupō District Council's main building at 72 Lake Terrace is two-story and is a group of buildings. The original building (closest to Lake Taupo) was constructed in 1968 and is nearing 50 years old. The other parts were added in 1984, 1989, 2004 and 2011. Due to the age and the type of construction there are a number of issues with parts of the building, which pose significant health and safety risks to staff and members of the community who use it. Council has obligations to address these risks under the Health and Safety at Work Act 2015 (HSWA).

External asbestos cladding

Council undertakes regular maintenance of its buildings and assets around the district. As part of this maintenance programme the Council building located at 72 Lake Terrace was due to be repainted in 2016. When seeking quotes for this maintenance, investigations revealed the presence of asbestos in the external cladding of the original part of the building built in 1968.

The reports by Clearsafe Environmental Solutions (attachment 1 and 2), identified friable asbestos and advised that the friable asbestos panels needed to be removed and replaced with a current building standard cladding. Friable in relation to asbestos means "in a powder form or able to crumbled, pulverised, or reduced to a powder by hand pressure when dry"¹. When exposed the asbestos contaminates the air, the ground and lungs. An email from Ward Demolition in January 2017 (attachment 3) provided an overview of how to

¹ Worksafe NZ - Approved Code of Practice: Management and removal of Asbestos, November 2016

interpret the asbestos report. It indicated that the most likely consequence was significant harm (based on the moderate rating). The email also noted that “all asbestos if possible should be reduced to being low, that’s low risk and low harm. This isn’t always possible without removing the materials in question”.

The report also identified that other parts of the buildings, primarily the roof cavities, may also include asbestos. Additional invasive testing would be required to ascertain the exact extent, however this highlights the uncertainties associated with managing and maintaining the existing group of buildings at 72 Lake Terrace.

Due to the heightened risk of disruption no further maintenance can be undertaken to the exterior of the building, including a building wash or painting. The inability to undertake maintenance is accelerating the deterioration of the building and increasing the health and safety risk and potential impact on the environment.

Earthquake strength assessment

A seismic assessment by BECA to gauge the earthquake strength of the building was carried out in 2012 (attachment 4). This highlighted a number of issues with the building including a large amount of timber frames, minimal bracing, a light metal roof and shallow foundations. The score for this building based on the importance for level four (IL4) in a normal building was 28% which corresponds to a C grade building, as defined by the New Zealand Society for Earthquake Engineering (NZSEE). It was assessed as having a 50 percent rating under IL2 recommendations. A more recent seismic assessment carried out by local structural engineers Cheal Consultants in March 2017 revealed similar findings (attachment 5).

There is significant uncertainty around the exact extent of the required repairs to address the vulnerability to earthquakes. Compounding this uncertainty is the unknown nature of the connection points of the various buildings. Further invasive investigation would be required to ascertain how vulnerable those connection points are.

As Council’s Civil Defence Emergency Operations Centre (EOC) requires IL4 level of protection, the decision was made in 2012 to move the EOC to the prefab building adjacent to the main Council building. Remedial works were undertaken to that part of the prefab building to ensure that it met the required standard. While the EOC is sufficient for a small to medium scale event it is considered too small to deal with a significant event with a prolonged response and recovery.

It is prudent and efficient to address Council’s requirements under the Building (Earthquake-prone Buildings) Amendment Act 2016 regarding earthquake strengthening in conjunction with the resolution of the asbestos issues.

Other identified issues with the Council building

Obsolete cabling and ducting in the roof cavity has been identified as a fire risk (attachment 6). The report advises that this cabling and ducting should be removed. In addition the overall integrity of the roof has been compromised due to the various additions to the building over time and damage due to the installation of building services. Issues have also been identified with the air conditioning system that is operated throughout the building. Due to modifications over the years the air conditioning system is not able to operate consistently and often results in temperature discrepancies in different parts of the building throughout the day. That lack of control over the internal work environment is likely to lead to poor health outcomes for employees.

The building is also a reflection of the time that it was built. The customer service areas are no longer delivering the standard of experience that could be achieved, the Council Chamber has significant limitations around layout and acoustics, the building has a shortage of meeting spaces and there is no central point for staff such as a tea room to encourage communication and efficiencies. The working environment is tired, and is restricting the ability to transform the organisation from an organisational development perspective. The building also creates some aesthetic challenges when hosting visiting groups and dignitaries to our District.

DISCUSSION

Council has indicated a strong desire to ensure that the people working in the building and the members of the community who choose to visit are doing so in a safe manner. Coupled with this, Council has an obligation under the Health and Safety at Work Act 2015 (the Act), as a Person Conducting a Business or Undertaking (PCBU), to meet health and safety standards for the buildings it owns and operates. The issues identified above pose a health and safety risk which Council must address. Under the Act the PCBU must, so far as reasonably practicable, provide and maintain a work environment which is without risks to health and safety.

Creating a safe environment for staff and visitors will require major structural changes to the buildings. The varying ages of the buildings that make up the overall main office creates significant uncertainty about the extent of that work. It is very difficult to reduce that uncertainty until parts of the building are opened up as part of the repair process.

What is certain is that the council staff will need to be relocated from the main office to enable work to be undertaken. Work is already underway on how to achieve that relocation with an expectation that staff will move by August 2017. How long they remain in temporary accommodation will be dependent on what option Council decides on.

Additional opportunities

Addressing the identified health and safety issues provides Council with an opportunity to consider other improvements that could be achieved:

- creating a welcoming environment for our community and visitors,
- designing an inclusive and flexible Council Chamber with appropriate technology,
- creating spaces for community groups to meet,
- providing an agile and open workspace for staff,
- providing a staff hub which encourages communication,
- taking advantage of sustainable building elements that provide ongoing operational cost savings,
- relocating the EOC into the main council building to ensure that there is sufficient space and capacity to deal with larger scale emergencies.

Expert advice

To assist in the development of options and to gain an understanding of potential costs, Council engaged two architectural firms – Boon Goldsmith and Warren and Mahoney. This information is included in the assessment of the options below with indicative costs. This information has been gathered to allow Council to consider the options to address the identified issues and to allow discussion with the community regarding the future of Council's main building.

The costs provided by the architects are indicative based on their preliminary work. They represent the middle of a potential range, with the extent of that range being larger for the options with more uncertainty, compared to the options involving a completely new building.

OPTIONS

Council has six reasonably practicable options it can consider to address the issues that have been identified with the current Council building. Given the health and safety matters that have been identified the option of 'do nothing' has not been considered.

The six options that have been considered are:

1. *Fix the health and safety issues which is the bare minimum for Council to meet its responsibilities under the HSWA.*
2. *A partial refurbishment of the main building to address the health and safety issues and to enhance the customer experience; upgrade reception, chambers and public areas.*
3. *A complete refurbishment of the main building to address the health and safety issues, to enhance the customer experience and to improve the working environment*
4. *Demolish the existing building and build a more 'fit for purpose' building on this site*
5. *Sell this site and build on another council-owned site*
6. *Lease a new 'fit for purpose' building either on this site or another site.*

Each of these options has associated costs which are outlined in the table below. These costs are indicative only. The information for Options 1 – 4 is based on information provided by architectural firm Warren and Mahoney and quantity surveyors Rider Levett Bucknall (RLB).

CONSIDERATION OF OPTIONS

Option	Description	Costs	Financial strategy	Time	Durability
1	<p>Fix health and safety issues</p> <p>This option includes the removal of the asbestos from the entire building and recladding, earthquake strengthening for the entire building up to IL2 standard, and an upgrade of building services to meet compliance standards including the removal of the fire risk. It does not include an improvement to the air conditioning services. This option will require the relocation of all staff currently located in the Council building.</p>	<p>\$1.2 million (construction)</p> <p>\$1 million (Temporary relocation)</p> <p>High level of uncertainty</p>	Unlikely to significantly impact the debt position and rates.	<p>Allows us to address health and safety issues in short time frame. Anticipate works within six months. Likely to take approximately 12 months.</p>	<p>Provides a short term response for the original part of the building (3 – 5 years). Still underlying issues. Will only be IL 2 rated. NZSEE expectation is that public buildings to be IL 4. Strengthening work likely to affect the aesthetics of the building facade. The EOC will remain in the prefab.</p>
2	<p>Partial refurbishment</p> <p>This option includes the removal of the asbestos from the entire building and recladding, earthquake strengthening for the entire building up to IL2 standard, new fire protection systems, air conditioning system, lighting and wired services generally. The front part of the building will be fully refurbished including facades. There will be enhancements to the customer experience with a new foyer, new chambers and meeting spaces. It also includes a fit out for the refurbished area. This option will require the relocation of all staff currently located in the Council building.</p>	<p>\$8.5 million (construction)</p> <p>\$1 million (Temporary relocation)</p> <p>High level of uncertainty</p>	Council may need to reprioritise the capital expenditure programme to stay within the current financial strategy	Approximately 26 months	<p>Provides short term response for the original part of the building (5 – 15 years). Potential challenges achieving warranty for the building work. Will only be IL 2 - not possible to achieve IL 4 status given limitations of existing building. The EOC will remain in the prefab.</p>

Option	Description	Costs	Financial strategy	Time	Durability
3	<p>Complete refurbishment</p> <p>This option includes the removal of the asbestos from the entire building and recladding, earthquake strengthening for the entire building up to IL2 standard and all new building services. It would provide for an enhanced customer experience with new foyer, new chambers and meeting spaces. A modern work space for elected members and staff would be created with the cost of a fit out included. This option will require the relocation of all staff currently located in the Council building.</p>	<p>\$13.5 million (construction)</p> <p>\$1 million (temporary relocation)</p> <p>High level of uncertainty</p>	<p>Council may need to reprioritise the capital expenditure programme to stay within the current financial strategy</p>	<p>Approximately 32 months</p>	<p>Potential challenges achieving warranty for the life of the building. Likely enhanced durability of the building - 25+ years. Will only be IL 2 - not possible to achieve IL 4 status given limitations of existing building. The EOC will remain in the prefab.</p>
4	<p>Demolish and new build</p> <p>This option includes demolition of the existing structure and a new building. This would allow for earthquake strengthening for the entire building up to IL4 standard and would provide an opportunity to move the EOC into the Council building and remove the prefab. It would provide for an enhanced customer experience with new foyer, new chambers and meeting spaces. A modern work space for elected members and staff would be created with the cost of a fit out included. It would also provide an opportunity for an enhanced public space around the building. This option will require the relocation of all staff currently located in the Council building.</p>	<p>\$15 million (construction)</p> <p>\$1 million (to achieve IL 4 status)</p> <p>\$1 million (temporary relocation)</p> <p>Reasonable level of certainty</p>	<p>Council may need to reprioritise the capital expenditure programme to stay within the current financial strategy.</p>	<p>Approximately 32 months</p>	<p>Will provide a long term building solution – 50 year lifespan for new building.</p> <p>Opportunity to strengthen entire building to IL 4. Bring in EOC and remove the prefab from the site.</p>

Option	Description	Costs	Financial strategy	Time	Durability
5	<p>Sell the land and build on another council site This option includes the sale of the 72 Lake Terrace site and the construction on another site that Council controls in the Taupo town centre. The construction of a new building would allow for earthquake strengthening up to IL4 standard with the inclusion of the EOC. It would provide an enhanced customer experience and a modern work space for elected members and staff. There would be an opportunity to create a public space around the Council building. Staff would be relocated from the existing Council building into temporary accommodation during the design and construction of the new building.</p> <p>An assessment of potential sites has been undertaken (attachment 7). The sites considered are those in Council ownership and located within the Town Centre Environment as provided for in the Taupo District Plan. The Taupo District Plan actively discourages office activity of a reasonable scale in zones other than the Taupo Town Centre Environment.</p>	<p>\$15 million (construction)</p> <p>\$1 million (to achieve IL 4 status)</p> <p>\$1 million (Temporary relocation)</p> <p>Reasonable level of certainty around the office building costs, but more uncertainty around the costs to integrate with other buildings.</p> <p>The cost of this integration could be approximately 30 - 50% greater than the expected cost for the construction of a standalone new building.</p>	Council may need to reprioritise the capital expenditure programme to stay within the current financial strategy.	Approximately 32 months.	<p>Will provide a long term building solution – 50 year lifespan for new building.</p> <p>Opportunity to strengthen entire building to IL 4. Bring EOC into main Council building.</p>
6A	<p>Sell and lease (at 72 Lake Terrace) This option includes the sale of the current site. It assumes that an independent party would construct a purpose-built new Council building. It would provide for earthquake strengthening for an entire building to IL4 and would allow the EOC to</p>	<p>\$1 million (annual lease)</p> <p>\$1 million (Temporary relocation)</p> <p>Reasonable level of certainty</p>	Unlikely to impact the capital expenditure programme. Lease costs may be offset by savings from a more efficient building	Uncertain timeframes around sale and negotiation for a lease arrangement. Approximately 32 months after negotiation of a lease.	Building owner responsible for ongoing renewals and maintenance. Opportunity to strengthen entire building to IL 4. Bring in EOC and remove the prefab from the site.

Option	Description	Costs	Financial strategy	Time	Durability
	<p>be included in the main Council building. An enhanced customer experience with new foyer, new chambers and meeting spaces would be created as would a modern work space for elected members and staff. There would be an opportunity for an enhanced public space around the Council building.</p> <p>Investigations have been undertaken regarding potential premises within the Taupo town centre. These investigations have concluded that there is currently no single existing premises that can accommodate 150 staff in a long term lease arrangement.</p>				
6B	<p>Sell and lease (on an alternative site) This option includes the sale of the current site. It assumes that an independent party would construct a purpose-built new Council building. It would provide for earthquake strengthening for an entire building to IL4 and would allow the EOC to be included in the main Council building. An enhanced customer experience with new foyer, new chambers and meeting spaces would be created as would a modern work space for elected members and staff. There would be an opportunity for an enhanced public space around the Council building.</p>	<p>\$1 million (annual lease)</p> <p>\$1 million (moving to new site)</p> <p>Reasonable level of certainty</p>	<p>Unlikely to impact the capital expenditure programme. Lease costs may be offset by savings from a more efficient building.</p>	<p>Uncertain timeframes around sale and negotiation for a lease arrangement. Approximately 32 months after negotiation of a lease.</p>	<p>Building owner responsible for ongoing renewals and maintenance. Opportunity to strengthen entire building to IL 4. Bring in EOC and remove the prefab from the site.</p>

IS THERE A PREFERRED OPTION?

Council have discussed the issues and options at workshops on 28 March 2017 and 4 April 2017. During these discussions the Council considered the costs of each option against the longevity of the potential solutions. This led to a preference for a new Council building either at 72 Lake Terrace (attachment 8 - Map 1 - Site 1) or in conjunction with the Great Lake Centre, i-Site and Library (attachment 8 - Map 1 - Sites 2 and 3). There is a high level of uncertainty regarding the costs integrating a new Council building with these other buildings. Dependant on the design and location of any new building in this location there may be additional processes that Council must undertake including those outlined under the Reserves Act. The consequences of additional processes could result in extensions of the timeframe which will increase the costs of the project, including the temporary accommodation costs.

It should be noted that previous consultation regarding the construction of a new building at this location was strongly opposed by the community. There is a serious risk that by including this site for consideration the community may believe that Council did not listen during the previous consultation process.

DOES COUNCIL NEED TO CONSULT?

The funding for all six options is not currently included in the Council's Long-term Plan 2015 – 25. As such an assessment must be made regarding the materiality and significance of the funding that Council proposes to include in the Annual Plan 2017/18. Materiality is not determined solely on the dollar figure but rather on a range of information with further guidance provided by Council's Significance and Engagement Policy and Financial Strategy.

If Council's preferred option was Option 1 the recommendation would be that no consultation is required. Council would be including funds in the Annual Plan 2017/18 to provide a minimum response to the identified health and safety issues. Section 8(g) of Council's Significance and Engagement Policy allows for Council to make this decision without further consultation where 'the matter relates to the operation and maintenance of a Council asset and responsible management requires the works to take place'.

Council's preference for a new building is considered significant due to the level of financial consequences and the likely interest from the community. There are also implications for the financial strategy with the preferred option including the need to reprioritise the capital expenditure programme in future years. As such the preferred option and relevant information should be included in the Consultation Document for the Annual Plan 2017/18.








COMMUNICATION/MEDIA

Staff have been informed of the need to relocate and media were advised of the issues on Monday 10 April when the agenda paper was released to the public. A press release will be prepared outlining the decision following Council's meeting and if the recommendations are confirmed the consultation document will be prepared and feedback sought from the community from May 1.

CONCLUSION

A number of serious health and safety issues have been identified with the main Council building at 72 Lake Terrace, Taupo. These issues include the presence of asbestos in the external cladding, deficiencies in the earthquake strength of the building, a fire risk due to obsolete cabling and ducting in the roof cavity and a leaking roof. Six reasonably practicable options have been assessed to address these issues with the preferred option the construction of a new Council building on the current site. It is proposed that funding is included in the Annual Plan 2017/18 to provide for the project. Consultation is required as this project was not included in the Long-term Plan 2015 – 25.

ATTACHMENTS

1. Clearsafe Environmental Solutions Certificate of Analysis (under separate cover) 
2. Clearsafe Environmental Solutions Asbestos Register Report (under separate cover) 
3. Ward Demolition email re Asbestos Register Report (under separate cover) 
4. BECA Seismic Assessment Report (under separate cover) 
5. Cheal Consultants Structural Engineers Seismic Strengthening Preliminary Assessment (under separate cover) 
6. AHI Carrier (NZ) Ltd HVAC and Ceiling Space Report (under separate cover) 
7. Site assessment (under separate cover) 
8. Map 1 - Site assessment locations (under separate cover) 