



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

Date:	Tuesday, 16 May 2017
Time:	9.30am
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

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3.1 NOTICE OF MOTION

Author: Tina Jakes, Democracy & Community Engagement Manager

Authorised by: Brian Fox, Group Manager: Corporate and Community

PURPOSE

Councillor John Boddy has given notice, in accordance with Standing Order 26, that he intends to move at this meeting (16 May 2017) the following motion:

That the Taupō District Council delays the departure of staff from the building known as 72 Lake Terrace until a qualified asbestos air monitoring company can be employed to ascertain asbestos levels within said building”.

The Notice of Motion is attached.

ATTACHMENTS

1. Notice of Motion from Cr John Boddy [A1932753] 

3.2 APPROVAL OF UNBUDGETED EXPENDITURE FOR LEASING TEMPORARY STAFF ACCOMMODATION

Author: Gareth Green, Chief Executive Officer

Authorised by: Gareth Green, Chief Executive Officer

PURPOSE

To formalise the proposed temporary lease arrangements for Taupo District Council staff for the 2017/18 and 2018/19 financial years.

EXECUTIVE SUMMARY

In April 2017, Council indicated a preferred option to address the Health and Safety issues associated with the current building at 72 Lake Terrace (asbestos, earthquake strengthening) being to rebuild on the existing site. Consultation with the community on this preferred option is currently underway. Whatever the outcome of this process, there is an immediate need to relocate staff from the premises in the short – medium term.

Relocation is necessary to meet our obligations as persons conducting a business or undertaking (PCBU) under the “Code of Practice for the Management and Removal of Asbestos 2016” (COP). The COP was developed to protect as many people from asbestos related diseases and death (refer www.worksafe.govt.nz) and can be used in court as evidence of whether the relevant duties under Health and Safety law are complied with. It also states:

- all types of asbestos should be treated with equal caution because all of their fibres can be inhaled into the lungs.
- friable asbestos or asbestos containing material is the riskiest condition for asbestos or asbestos contained material to be in.
- workers and other people must receive the highest level of protection from workplace hazards and risks, or specified types of plant as far as is reasonably practicable.
- if asbestos is disturbed or deteriorates there is an increased likelihood airborne asbestos will be released.

An investigation into relocation opportunities was completed with the following high priority requirements:

- Appropriate capacity within existing facilities for teams including IT capability
- Structurally suitable buildings e.g. Earthquake Strength, Fire, Accessibility, Serviceability (IT)
- Immediacy of occupation (to ensure H&S of staff and the community as soon as reasonably practicable).
- Consideration of community accessibility and proximity to services and minimisation of potential impacts on retail tenancies (e.g. town centre ground floor occupation)
- Cost effectiveness

Evaluation of a number of sites occurred and for a variety of reasons some of these were considered less suitable due to limitations in relation to the above requirements. A few possible combinations of premises were discussed and subsequently a combination of five temporary premises were identified as preferred to ensure sufficient floor space for all staff.

These five premises are as follows:

- 12 Taniwha Street (above Rebel Sports)
- 86 Ruapehu Street (above Bed Bath and Beyond/Post Shop)
- 46 Horomatangi Street (Downstairs beside Post Shop)
- 14 Ruapehu Street (above Bayleys next to Iles and Campbell)
- 111 Heuheu Street (next to TRG Imaging & Church at 109)

It is appropriate for Council to confirm that the combination of above properties is acceptable for temporary housing of Council staff for the next two years. This will allow a decision to be made in regards to the long term solution for Council's building.

RECOMMENDATION(S)

That Council authorises the Mayor and Chief Executive Officer to formalise leases with the owners of the following properties for a minimum term of two years plus one year right of renewal:

- 12 Taniwha Street (above Rebel Sports)
- 86 Ruapehu Street (above Bed Bath and Beyond/Post Shop)
- 46 Horomatangi Street (Downstairs beside Post Shop)
- 14 Ruapehu Street (above Bayleys next to Iles and Campbell)
- 111 Heuheu Street (next to TRG Imaging)

AND

That Council approves unbudgeted expenditure of up to \$800,000 (excluding GST) for the first two years lease costs and fitout of these buildings and that this is funded via existing 2016/17 income and operating budgets.

BACKGROUND

In April 2017, Council confirmed that the preferred option to address the issue of appropriate staff accommodation is to rebuild at 72 Lake Terrace and that consultation would be undertaken via the 2017/18 Annual Plan process. As part of the April agenda item, it was identified that whichever option was eventually selected, there was an immediate need to find temporary alternative premises for staff. The Council also agreed to include funding for temporary staff accommodation to be included in the 2017/18 Draft Annual Plan.

Given the urgency associated with addressing the health and safety of staff and visitors, there is a need to find and establish appropriate tenancies to ensure staff are relocated by August this year. As the timeframe for the Annual Plan extends beyond this, and there is a time lapse between securing tenancies and being able to operate from them, a decision regarding temporary leases is required.

The following outlines the processes around identifying the preferred lease sites for office space.

DISCUSSION

Staff evaluated the minimum needs for the continued functioning of the Council and highlighted some key requirements for enabling appropriate tenancies that ensured staff and visitor safety to be acquired to allow for the decisions process around the Council Building. The following aspects were part of identifying appropriate localities for staff to be temporarily relocated:

1. Identify office requirements and maximise occupancy within other TDC buildings (e.g. prefab)
2. Identify existing vacant office/retail properties (through agents and landlords) in and around the central business district
3. Identify building suitability – Earthquake Strength, Fire Reports etc
4. Identify capacity of these properties (people and infrastructure e.g. power, accessibility, fibre etc)
5. Evaluate suitability and proximity to each other
6. Identify likely rental rates
7. Evaluate collectively

The above process identified some capacity at Taupo District Council's prefab building, and limitations in terms of servicing capabilities or effects on other existing community uses for a number of other TDC locations including the Great Lake Centre, the Depot, Owen Delany Park and the Taupo Events Centre.

Offsite office accommodation was therefore required for approximately 125 staff.

Site Considerations

A number of vacant premises within the town centre were considered. All premises considered required some internal remodelling to allow for effective functioning. Internal networking and fibre connections will also need to be established to these sites.

A short list of potentially suitable sites was compiled and discussions were had with staff/landlords/agents regarding which mix of properties would best cater for staff and the community most cost effectively.

It was considered that utilising existing office space would be more practical and occupying large quantities of ground floor retail space may slow down growth in the town centre.

For the purposes of maintaining enabling accessibility for the community, it was considered that a tenancy at street level was appropriate for customer services. When considering the mix of possible sites, the location adjacent to the Post Office (ex. Pumpkin Patch) was considered relatively central and appropriately sized for this purpose. The following properties are preferred for utilisation as office space:

- 12 Taniwha Street (above Rebel Sports)
- 86 Ruapehu Street (above Bed Bath and Beyond/Post Shop)
- 14 Ruapehu Street (above Bayleys next to Iles and Campbell)
- 111 Heuheu Street (next to TRG Imaging & Church at 109)

These five premises are considered sufficient for provision of short term office space for staff. The map below shows the distribution of the sites.



Map 1: Distribution of the sites.

Discussions with the landlords of the preferred sites were held in order to negotiate the most appropriate commercial terms for leases. These discussions identified that there was an opportunity to reduce overall rent costs by an upfront payment for the two-year lease period. This amount totalled \$700,000.00 (gross) for the two-year period, with each lease having rights to be extended for a further year if required.

Further costs (e.g. relocation/ IT solutions) will be incurred. Funding will need to be provided for this work.

Two options are considered to be available to Council in this instance and they are to agree to the unbudgeted expenditure and leases proposed, or reconsider other sites for temporary accommodation.

OPTIONSAnalysis of Options

The options are:

- Agree to leases for the aforementioned sites and unbudgeted expenditure
- Decline to enter into the leases proposed and reconsider other sites

Option 1. Agree to leases for the aforementioned sites and associated expenditure

Advantages	Disadvantages
<ul style="list-style-type: none"> • Protects staff and visitors from a significant workplace hazard 	<ul style="list-style-type: none"> • Increased risk of exposure to a significant risk.
<ul style="list-style-type: none"> • Enables compliance with HSWA and Regulations and reduces risks to Council in terms of liability. 	Increased risk of legislative non compliance
<ul style="list-style-type: none"> • Enables staff to be appropriately relocated into safe work premises in the short to medium term. 	
<ul style="list-style-type: none"> • Ensures Council and CE meet their respective legal employment obligations. 	
<ul style="list-style-type: none"> • No impact on 2017/18 rates as a result of this unbudgeted expenditure because of Council's strong financial position. 	

Option 2. Decline to enter into the leases proposed and reconsider other sites

Advantages	Disadvantages
<ul style="list-style-type: none"> • No immediate financial spend. 	<ul style="list-style-type: none"> • Delay the relocation of staff increasing H&SWA risks/ liability etc
<ul style="list-style-type: none"> • Other suitable sites might come on the market. 	<ul style="list-style-type: none"> • Lease costs may increase.
	<ul style="list-style-type: none"> • No sites exist to suitably accommodate all staff may impact ability to find sufficient space in an alternative arrangement in the event vacant tenancies are filled.

Analysis Conclusion:

Option 1 is preferred as on balance it provides the most time appropriate, cost effective solution for Council to ensure health and safety for staff and the community. Option 2 may result in higher costs and risks for Council.

CONSIDERATIONS**Financial Considerations**

Council has the opportunity to achieve a discount on the lease costs of the buildings by paying the first two years in advance as lump sums to each of the four landlords (two premises are in the same building). The financial impact of the leasing is just under \$700,000.00 gross (for two years). Payment would occur in the current 2016/17 year as unbudgeted expenditure. It is proposed to allow a further \$100,000 of unbudgeted expenditure in the 2016/17 financial year in the event the costs for refitting these buildings occurs in the 16/17 financial year.

The strong financial performance this year of both Council and the TEL Fund provides the opportunity to meet this cost without impacting rates in the coming two years. It is proposed that \$500,000 of the total cost be met out of the TEL Fund 16/17 income and the remaining \$300,000.00 out of Council operating costs, which will still enable a year end result well in excess of the 16/17 Annual Plan.

Council's 2017/18 Draft Annual Plan provides budget for the additional costs associated with relocation and any future expenses will be able to be incorporated into future budgets, in the event that the refit occurs after the 30th of June 2017.

Legal Considerations

The matter comes within scope of the Council's lawful powers, including satisfying the purpose statement of Section 10 of the Local Government Act 2002. The matter will enable the Council to meet the current and future needs of communities.

The proposal will enable Council's obligations to be met under the Health and Safety at Work Act 2015. The relocation will enable the safety of staff and the community and will allow the obligations under the COP relating to asbestos management/removal to be addressed at 72 Lake Terrace. It is appropriate to note in particular:

"The PCBU that manages or controls a workplace must make sure that exposure of a person at the workplace to airborne asbestos is removed as far as reasonably practical.

The proposed relocation will enable this requirement to be complied with.

There may be building consents required to enable internal works to be undertaken. It is expected that these will be the responsibility of landlords.

As the premises proposed are all currently offices or located in the CBD, Resource Consents are not required.

Appropriate leases will need to be finalised and these will be reviewed by legal counsel.

Policy Implications

The procurement policy and guidelines have been complied with. It is noted that leasing rates offered by all parties have been negotiated down from the original rates offered, ensuring that better value has been achieved for the community.

Risks

If Option 2 (revisit leasing options) is preferred, this would increase the risk to Council in terms of the Health and Safety requirements. As full prices for relocation have not been obtained there is a risk that we will be exposed to higher costs. This would however be the case with any potential premises.

SIGNIFICANCE OF THE DECISION OR PROPOSAL

Council's Significance and Engagement policy identifies the following matters that are to be taken into account when assessing the degree of significance of proposals and decisions:

- a. The level of financial consequences of the proposal or decision;
- b. Whether the proposal or decision will affect a large portion of the community or community of interest;
- c. The likely impact on present and future interests of the community, recognising Maori cultural values and their relationship to land and water;
- d. Whether the proposal affects the level of service of an activity identified in the Long Term Plan;
- e. Whether community interest is high; and
- f. The capacity of Council to perform its role and the financial and other costs of doing so.

Officers have undertaken a rounded assessment of the matters in clause 11 of the Significance and Engagement Policy (2016), and are of the opinion that the proposal to enter into short term leases is of low importance.

ENGAGEMENT

Authorisation to enter into leases of this nature will allow for the ability to continue effective operation in the short term. It is noted that although this decision is considered to be of a low degree of significance, the decision regarding the building remains significant.

COMMUNICATION/MEDIA

A communications plan will be developed to ensure appropriate community awareness.

CONCLUSION

Council has evaluated a number of rentable spaces in the vicinity of the CBD and identified the most appropriate mix of premises when considering the various factors outlined above to allow for continuation of Council's day to day operations.

ATTACHMENTS

Nil