

10 March 2020

Memo to: Mayor and Councillors

Memo from: Governance Advisers

**Subject: COMMUNITY SERVICES COMMITTEE – 12 MARCH
2020 – LATE ITEM**

9. Late Item: Update on Council-owned earthquake-prone buildings

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Document R15877

A report titled Update on Council-owned earthquake-prone buildings is attached and to be considered as a major late item at this meeting. This report was listed as item 9 on the public agenda for the Community Services Committee meeting on 12 March 2020 to ensure elected members were aware that it would be presented to this meeting.

Section 46A(1)-(6) of the Local Government Official Information and Meetings Act 1987 and Standing Order 9.8 require that agendas are distributed with the associated reports. As this report was not distributed with the agenda for this meeting, it must be treated as a major late item to be considered at this meeting.

In accordance with section 46A(7) of the Local Government Official Information and Meetings Act 1987 and Standing Order 9.12, a procedural resolution is required before a major item that is not on the agenda for the meeting may be dealt with.

In accordance with section 46A(7)(b)(i) the reason why the item was not on the agenda is because it came to hand after the agenda had been distributed.

In accordance with section 46A(7)(b)(ii) the reason why discussion of this item cannot be delayed until a subsequent meeting is because a resolution on the matter is required before the next scheduled meeting of the Community Services Committee to enable a timely decision to be made.

Recommendation

That the Community Services Committee

- 1. Considers the item regarding Update on Council-owned earthquake-prone buildings at this meeting as a major item not on the agenda, pursuant to Section 46A(7)(a) of the Local Government Official Information and Meetings Act 1987, to enable a timely decision to be made.***

Update on Council-owned earthquake-prone buildings

1. Purpose of Report

- 1.1 To provide an update in relation to recent decisions regarding earthquake prone buildings, and to note unbudgeted expenditure to undertake work related to building closures.

2. Recommendation

That the Community Services Committee

1. ***Receives the report Update on Council-owned earthquake-prone buildings (R15877); and***
2. ***Notes the decision taken by officers to close the Stoke Memorial Hall from 29 March 2020; and***
3. ***Notes the decision taken by officers to close the former Stoke Seniors building temporarily from 29 March 2020 while options to mitigate the risk from the nearby Stoke Memorial Hall are investigated; and***
4. ***Notes the decision taken by officers to close the Refinery Concrete building from 29 March 2020; and***
5. ***Notes that officers will incur an over expenditure in budgets of up to \$13,000 for the Stoke Memorial Hall and former Stoke Seniors Hall and \$47,500 for the Refinery.***

Recommendation to Council

That the Council

1. ***Approves total unbudgeted operating expenditure of up to \$60,500 for the closure***

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of the Stoke Memorial Hall, former Stoke Seniors Hall and the Refinery in 2019/20.

3. Background

- 3.1 Council has six buildings that have an Earthquake Prone Building notice on them. This means they have been assessed by Council's Building Unit to be 'earthquake prone' and are registered in MBIE's Register of Earthquake-Prone Buildings.
- 3.2 These buildings have deadlines set under the Building Act 2004, for when work needs to be completed to ensure that the buildings are no longer earthquake prone.
- 3.3 Three of these earthquake-prone buildings are vacant (or used for storage only), however the following buildings are being used by the community:
- Stoke Memorial Hall, work required to be completed by September 2029
 - Refinery, work required to be completed by June 2032
 - Hounsell Circle Bus shelter, work required to be completed by August 2041

4. Stoke Memorial Hall and Former Stoke Seniors Building



- 4.1 Stoke Memorial Hall was assessed in 2014 as being 24% of New Building Standard (NBS) at Importance Level 2 (IL2). The Earthquake Prone Building Notice required that the building be strengthened or the hazard removed by 2029.

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- 4.2 Budget was allocated through the Long Term Plan 2018-28 for strengthening of the hall in 2024/25, at a cost of \$458,000. More recent cost estimates suggest this is unlikely to be sufficient for strengthening to 67% NBS, and the cost will need to be reviewed through the Long Term Plan 2021-31.
- 4.3 The Property and Facilities Asset Management Plan anticipated that visitor numbers for the Stoke Memorial Hall would drop once the new Greenmeadows/ Putangitangi Centre opened. As a result, the Asset Management Plan identified the need to review the use of the hall long term. Significant maintenance of the Stoke Memorial Hall was deferred until more was known about user demand.
- 4.4 Once Greenmeadows opened, staff began the process of reviewing changes in use for Stoke Memorial Hall, and reviewing estimated costs for earthquake strengthening of the building.
- 4.5 In preparing for this, a review of the existing seismic assessment for the Hall was carried out. The review identified that the building should instead be 17% NBS (IL3). The review also confirmed that there is a Critical Structural Weakness within the building, namely the masonry infill panels.
- 4.6 Given this better understanding of risk from the recent assessment, officers have made the decision to close the Stoke Memorial Hall from 29 March 2020.
- 4.7 There are a number of regular users of the Memorial Hall, and staff are working with these users to find alternative venues for their activities to be able to continue while the Hall is closed. A verbal update will be provided at the meeting on progress with this.
- 4.8 There are also one-off bookings for the Memorial Hall, and staff are working with these users to find alternative venues. This includes working with the RSA to find an alternative venue for the ANZAC Day service at Stoke, now expected to be at Nayland College Hall.
- 4.9 The former Stoke Seniors Hall is located directly behind the Stoke Memorial Hall. This building is not earthquake prone. Following on from the decision to close the Stoke Memorial Hall, staff sought advice about the risks to this hall as a result of the potential failure of the Stoke Memorial Hall. Council plans to close the former Stoke Seniors building, and the alleyway between the two buildings, as a precaution from 29 March 2020. Officers are investigating options to mitigate the risk to the former Stoke Seniors building with the hope that it may be possible to reassess the decision to close this building.
- 4.10 There is currently only one regular user of the former Stoke Seniors building and they are being assisted to find an alternative venue until the building can be made safe.
- 4.11 There are costs in finding alternative accommodation for users for the Stoke Memorial Hall. Some alternative venues have higher costs than the

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Stoke Memorial Hall and staff have offered assistance to these users by way of covering the additional costs of the alternative venue booking for up to six months.

4.12 Design costs for strengthening have been included in the draft Annual Plan 2020/21, but a business case will need to be prepared before design commences to confirm the level of strengthening and other renewal work required.

4.13 Unbudgeted expenditure

4.14 There will be unbudgeted expenditure as a result of the decision to close this Hall as follows.

Activity	Amount
Relocating users to other facilities and subsidising rental at other facilities	Up to \$5,400
Activity to support the Stoke ANZAC Day	Up to \$245
Additional engineering advice	\$7,000
Total	Up to \$13,000

4.15 Funding for this work in 2020/21 is not currently in the draft Annual Plan budget. Officers will have more information on 2020/21 costs in time from Annual Plan deliberations and decisions on funding that work can be made then.

5. Refinery



- 5.1 The Refinery is an earthquake prone building, with an Earthquake Prone Building Notice stating the building achieves less than 15% of the NBS.
- 5.2 Strengthening is planned for 2020/21, with design for the strengthening planned for this financial year. Budget in 2020/21 is \$386,000, and once design has been completed, officers will know whether this funding is sufficient for the strengthening of the building to 67% NBS. A separate report to Council may be required if the budget is insufficient.
- 5.3 A peer review of this assessment has also been carried out and has identified that the seismic assessment was completed in 2015, prior to the current guidelines for assessing buildings and, if the building was to be re-assessed, there is likely to be a reduction in its overall performance rating.
- 5.4 The critical structural weakness in this building is the vulnerable concrete pedestal columns just below the elevated floor.
- 5.5 Officers have made the decision to close this building from 29 March and assist Arts Council Nelson to find an alternative building to operate from until after the strengthening has been completed.
- 5.6 Council is also working to find alternative premises for the Fringe Festival which is booked at the Refinery in May for 9 days. Alternative spaces to host exhibitions are also required. There is a schedule of exhibitions planned for the next 12 months. The loss of five artists who lease studio space at the refinery will also result in a reduction in income to the Arts

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Council Nelson. Lost income is expected unless an alternative suitable venue is found.

5.7 Officers are investigating multiple sites across the CBD and city. Commercial leases are in the range of \$20,000 to \$35,000 per annum. Currently Arts Council Nelson pays \$500 per annum to lease the Refinery.

5.8 Work to find venues for the Arts Council Nelson is ongoing and a verbal update will be provided at the meeting.

5.9 Unbudgeted expenditure

5.10 There will be unbudgeted expenditure as a result of the decision to close this building.

Activity	Amount
Legal fees	\$2,700
For lease of alternate premises to 30 June 2020	Up to \$10,000
Moving and relocation	Up to \$10,000
Relocation of Fringe Festival	\$7,500
Contingency	\$10,000
Additional engineering advice	\$7,000
Total	Up to \$47,500

5.11 Funding for this work in 2020/21 is not currently in the draft Annual Plan budget. Officers will have more information on 2020/21 costs in time from Annual Plan deliberations and decisions on funding that work can be made then.

6. Other actions

6.1 Hounsell Circle bus shelter

6.2 This shelter is earthquake prone at less than 15% of NBS. The building is no longer used as a part of the transport network.

6.3 This shelter will be fenced to prevent people accessing it, until a decision is made on any future actions. This building is outside the delegation of the Community Services Committee and, as a building on a reserve, would be within the delegation of the Sports and Recreation Committee.

6.4 23 Halifax Street (Former Mediterranean Foods)

6.5 This building is earthquake prone at 25% of NBS. The building is used for storage only.

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- 6.6 This building is outside the delegation of the Community Services Committee. A separate report to Council will discuss next steps for this building and the work already underway.

7. Options

- 7.1 The Committee can recommend to Council that it approve the unbudgeted expenditure, or not recommend the unbudgeted expenditure. Option 1 is the preferred option.

Option 1: Recommend unbudgeted expenditure	
Advantages	<ul style="list-style-type: none">Provides certainty to Stoke Memorial Hall and Refinery users, up to 30 June 2020, on the level of Council support that can be provided while they are unable to use the buildings
Risks and Disadvantages	<ul style="list-style-type: none">Financial risk of being unable to find savings in other areas of the organisation
Option 2: Do not recommend unbudgeted expenditure	
Advantages	<ul style="list-style-type: none">No additional expenditure overall
Risks and Disadvantages	<ul style="list-style-type: none">Officers would need to reduce expenditure in other areas in order to fund the work required. This may result in reduced levels of service at other community halls or buildings in order to fund the additional expenditure.Uncertainty for Stoke Memorial Hall and Refinery users

8. Conclusion

- 8.1 Over-expenditure in 2019/20 will be incurred in order to cover the costs of relocating current users from Stoke Memorial Hall to other facilities, relocating the Arts Council Nelson to an alternative venue, seeking engineering advice and peer reviews of advice, construction of fencing around the Hounsell Circle Bus Shelter, and a business case for the future of the Stoke Memorial Hall.
- 8.2 It is anticipated that over-expenditure for 2019/20 will be up to \$60,500.
- 8.3 Additional costs for 2020/21 need to be confirmed and adjustments made to the final Annual Plan 2020/21 as required.

9. Next Steps

- 9.1 Officers will continue to actively engage with users to assist them in finding alternative venues.
- 9.2 Mitigations to protect the former Stoke Seniors building will be investigated, to understand if that building can be re-opened more quickly.

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- 9.3 Design for strengthening for the Stoke Memorial Hall is planned for 2020/21, following the development of a business case.
- 9.4 A report will be presented to the Committee about the strengthening options for the Stoke Memorial Hall.
- 9.5 Design for strengthening for the Refinery is programmed for 2019/20. Physical construction work is programmed for 2020/21.
- 9.6 Strengthening costs for the Stoke Memorial Hall are currently budgeted for 2024/25. Through the Long Term Plan 2021-31, the amount budgeted for the work and the year that it is scheduled will need to be reviewed so that it can be brought forward.

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Attachments

Nil

Important considerations for decision making
1. Fit with Purpose of Local Government This decision enables Council to continue to assist activities and groups that support community wellbeing by assisting with additional costs for hiring halls while the future of the venues are uncertain.
2. Consistency with Community Outcomes and Council Policy Providing community venues contributes to the Community Outcomes that: <ul style="list-style-type: none">• Our infrastructure is efficient, cost effective and meets current and future needs• Our communities have access to a range of social, educational and recreational facilities and activities
3. Risk There is a risk that estimates of unbudgeted expenditure could be exceeded. Officers are working with users/tenants and professional advisers to understand the implications of these decisions and to keep additional costs to a minimum.
4. Financial impact This decision has a direct financial impact on Council. Strengthening costs are separate to these immediate relocation and investigation costs.
5. Degree of significance and level of engagement This matter is of medium significance because it offers benefits to some of the groups that have to relocate as a result of the status of these buildings. No engagement has been undertaken on this decision, but engagement and consultation will occur on decisions relating to the future of the Stoke Memorial Hall. There is extensive consultation occurring with the management teams of the Refinery and Fringe Festival.
6. Climate Impact The decision to provide unbudgeted expenditure for this work does not impact on adaptation, mitigation and or leadership. Some of the alternative venues may be further from the homes of users, so they may mean that users travel or drive further to the venue they use,

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creating further emissions. Staff are working to find other local venues for users.

7. Inclusion of Māori in the decision making process

No engagement with Māori has been undertaken in preparing this report.

8. Delegations

The Community Services Committee/Subcommittee/Council has the following delegations to consider community halls and the Refinery.

Areas of Responsibility:

- *Arts, Culture and Heritage*
- *Community Centres and Halls, including Greenmeadows Community Centre, Stoke Memorial Hall and Tahunanui Community Centre*
- *Community Festivals and Events*

Delegations:

- *Monitoring Council's performance for the committee's areas of responsibility, including legislative responsibilities and compliance requirements*

Powers to Recommend (if applicable):

- *Unbudgeted expenditure relating to the areas of responsibility, not included in the Long Term Plan or Annual Plan*