

<b>Decision released from confidential session</b>			
<b>Recommendation from (agenda report)</b>	<b>Date of meeting</b>	<b>Recommendation to (decision-making meeting)</b>	<b>Date of meeting</b>
Community Services Committee	10Sep2020	n/a	n/a
<b>Report Title and number</b>			
Community Arts Centre Feasibility Study – Supplementary Information R20273			
<b>Documents released</b>			
Report R20273 - Community Arts Feasibility Study – Supplementary Information (with redactions)			
<b>Decision</b>			
<p>This report was supplementary to the public item 'Community Arts Centre Feasibility Study'. No decisions were made during the confidential part of the meeting in relation to this item.</p> <p>The decision made during the public part of the meeting in relation to the public item 'Community Arts Centre Feasibility Study' is included below, for completeness.</p>			
<p>Resolved CS/2020/032</p> <p><b><i>That the Community Services Committee</i></b></p> <ol style="list-style-type: none"> <li>1. <b><i><u>Receives</u> the report Community Arts Centre Feasibility Study (R13739) and its attachments (A2438172, A2438181, A2438184); and</i></b></li> <li>2. <b><i><u>Refers</u> the Community Arts Centre Feasibility Study report (R13739) and its attachment (A2438172) for consideration in the draft Arts, Heritage and Events Activity Management Plan 2021-31.</i></b></li> </ol>			

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## Community Arts Centre Feasibility Study - Supplementary Information

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### 1. Purpose of Report

- 1.1 To provide additional information to support the Committee's consideration of the report in the Public agenda entitled Community Arts Centre Feasibility Study (Report 13739).

### 2. Exclusion of the Public

- 2.1 This report has been placed in the public excluded part of the agenda in accordance with section 48(1)(a) and section 7 of the Local Government Official Information and Meetings Act 1987. The reason for withholding information in this report under this Act is to:
- Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)

### 3. Recommendation

*That the Community Services Committee*

1. **Receives the report Community Arts Centre Feasibility Study - Supplementary Information (R20273); and**
2. **Agrees that Report (R20273) remains confidential at this time.**

### 2. Background

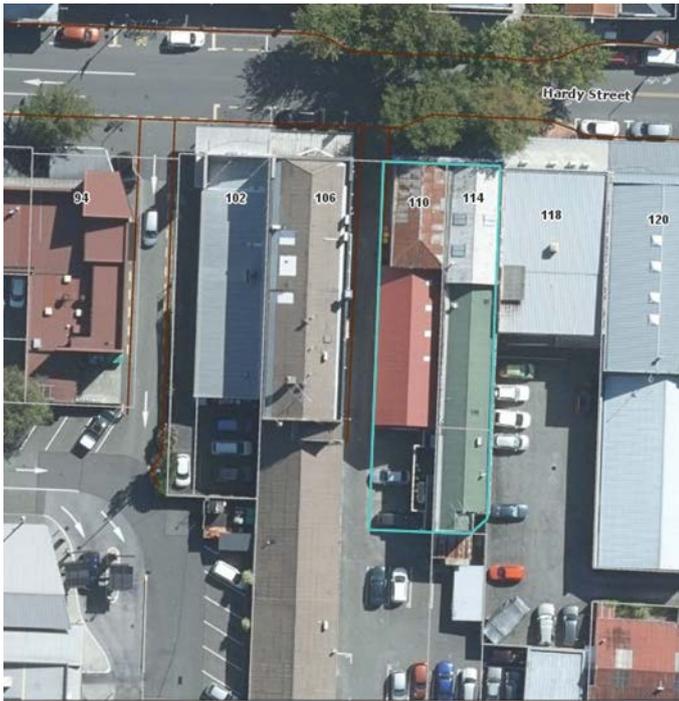
- 2.1 The Committee is considering a report entitled Community Arts Centre Feasibility Study (Report 13739) in the Public section of its agenda. At paragraph 4.7 of that report there is reference to the provision of

supplementary information in the Public Excluded agenda. This report provides that information.

- 2.2 At a Council workshop on 20 August 2020, regarding the Arts, Heritage and Events AMP 2021-31, there was some interest in exploring an alternative option to developing the Refinery as an Arts Centre, and officers were asked to provide further information.
- 2.3 Given Council's previous decision in the 2018-28 Long Term Plan to commission work focused on the Refinery as an Arts Centre, alternative options to the Refinery have not been reconsidered in any detail in preparing Report 13739. However officers were asked to bring forward some high level information in response to the questions posed in the workshop, in order to assist Council's decision making.
- 2.4 The alternative option officers were asked to provide information on is: purchasing the property at 114 Hardy Street, currently leased by Arts Council Nelson, and for it to be used as a Community Arts Centre, instead of building a purpose built building at the Refinery.
- 2.5 This option would provide cost savings compared with building a new fit for purpose Community Arts Centre at the Refinery - estimated at around \$2.5M plus ongoing opex costs. Further detailed analysis to compare options would need to be undertaken. Considerations such as ongoing maintenance costs, and managing an extra building as a Council asset need to be factored in.
- 2.6 A sub-option could be for Council to pay for the costs of Arts Council Nelson continuing to lease the building rather than purchasing it.
- 2.7 This information was not included in the Public report in order to protect Council's negotiating position, should it wish to pursue this matter further.

#### **Property description**

- 2.8 The property at 114 Hardy Street is currently for sale. It is owned by Zadeh Firooz Eftekhari.
- 2.9 The image below shows the aerial view of the property for sale, 114 Hardy Street (note: the blue line identifies the property boundary and includes both 114 and 110 Hardy St):



114 Hardy Street

 Nelson City Council  
Te Kaunihera o Whakatū  
PO Box 645 Nelson 7040 New Zealand  
PH 03 54620200  
WWW.NCC.COUNCIL.NZ

- 2.10 The property is fully leased with the upstairs lease returning \$47,864 plus GST and the ground floor leased for \$30,000 plus GST and outgoings (400m<sup>2</sup>). The total area is 474m<sup>2</sup> floor area and 562m<sup>2</sup> land area, with parking at the rear of the site.
- 2.11 The building is not earthquake prone in accordance with the Earthquake Prone Building (EPB) Methodology authorised by s133AV, Building Act 2004, because a complying engineering assessment (initial seismic assessment - ISA) has been accepted and seismic upgrade, exempt from requiring building consent, has been completed.
- 2.12 The commercial property is listed for sale asking for offers over \$1,100,000 plus GST (if any).
- 2.13 The above information represents what officers have been able to ascertain from publicly available sources in the time available. Due diligence has not been undertaken.

### Views of stakeholders

- 2.14 Arts Council Nelson and Community Art Works have both expressed support for exploring this option:
- 2.14.1 Arts Council Nelson note that their current location at 114 Hardy St is better suited as a community gallery as it is more visible and is attracting double the amount of foot traffic. They have received very positive feedback since opening.

2.14.2 Community Art Works would welcome the opportunity to move to the Refinery because they are currently on a month by month lease which is unsettling. The Refinery building would be well suited to their needs and would cater for more collaborative arts opportunities with other partners.

2.14.3 Freeing up (and eventually deconstructing) the building occupied by Community Art Works (81 Achilles Avenue), could provide 26 additional car parking bays in Wakatu Square. This could help to offset any carparks lost through the proposed provision of bike stand and potential changes arising from "streets for people". Other options to develop the site could be considered such as

[REDACTED]

[REDACTED] Options would need to be explored and presented to Council with further detail for consideration.

**Draft Long Term Plan budget**

2.15 As previously advised in a Council workshop on 22 July 2020, regarding the draft budget for the Long Term Plan (LTP) 2021-31, there is currently no budget allocation in the draft LTP for the Community Arts Centre redevelopment. Councillors may recall that officers estimated the projected capital programme currently exceeds both the preferred capex cap, and organisational capacity. Given that the Arts Centre project had yet to be considered by Council, it was not included. It was anticipated that provision could still be made for the Arts Centre project, but Council would need to consider in what year it would fit, and what other projects would need to come out or move.

2.16 One advantage of the alternative solution discussed in the present report, therefore, is that it may reduce pressure on the capital programme. This would need to be explored further, and balanced against the downsides of unscheduled work involved in the purchase and management of a new building.

**3. Alternative option – advantages and disadvantages**

3.1 There are advantages and disadvantages to considering this option. These are outlined below.

<b>Alternative option: use of building at 114 Hardy Street as a Community Arts Centre</b>	
Advantages	<ul style="list-style-type: none"> <li>• There would be cost savings compared with building a new fit for purpose Community Arts Centre at the Refinery - estimated at \$2.35m plus ongoing opex costs</li> </ul>

	<ul style="list-style-type: none"> <li>• Could ease pressure on Long Term Plan capital works programme</li> <li>• 114 Hardy St offers increased foot traffic, better visibility and alternative audience for the gallery</li> <li>• This could give arts a stronger presence in the City centre</li> <li>• This in turn could support City centre development, by helping to keep people in the CBD</li> <li>• Offers possible synergies for arts organisations to co-locate with office space, e.g. Light Nelson, Nelson Festivals Trust, which seek a CBD location</li> <li>• Prior to Arts Council Nelson taking on the lease, 114 Hardy St had been empty for some time and the property owner appears motivated to sell</li> <li>• Community Art Works could be re-housed to the Refinery once earthquake strengthening is complete, which would alleviate concerns around their temporary month to month lease at the former Hunter and Fishing building at 81 Achilles Ave</li> <li>• The former Hunting and Fishing building would then be vacant and could be re-leased or deconstructed for future development and/or car parking</li> </ul>
<p>Risks and Disadvantages</p>	<ul style="list-style-type: none"> <li>• There is no budget allocated for the purchase of a building to be used as a Community Arts Centre in the AMP/LTP</li> <li>• Resources would be required for the unplanned purchase and ongoing management of a new building asset</li> <li>• There would be ongoing costs of maintaining the building</li> <li>• Council will own an additional building to manage as an asset</li> <li>• If the sale doesn't go ahead this will stall progress on a potential Community Arts Centre development at the Refinery</li> <li>• Due diligence on the property has not been undertaken</li> <li>• Income from leased spaces is not guaranteed</li> <li>• The property owner could increase the price if it becomes known the Council is interested – it would be recommended to use a third party to approach the seller</li> <li>• This would change the direction of Council's previous plans to develop the Refinery to help</li> </ul>

	support linkages to Rutherford Park and the river
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#### 4. Conclusion

- 4.1 This report outlines supplementary information in relation to the option of purchasing the property at 114 Hardy Street Nelson for a Community Arts Centre, instead of developing a new Centre at the current Refinery building location on Halifax Street.
- 4.2 If the Committee were to prefer this option then further due diligence would be required and a recommendation would be brought via the draft Long Term Plan 2021-31.

**Author:** Shanine Hermsen, Team Leader Arts and Heritage

#### **Attachments**

Nil

Released 13 Oc