

Central Hawke's Bay District Council – Report

TO: Council
FROM: Corporate Services Manager
DATE: 29 October 2009
FILE REF: PRO4-502
SUBJECT: FUNDING PROPOSAL FOR THE PURCHASE AND FITOUT OF THE WAIPAWA LIBRARY

1.0 SUMMARY

In August 2009 Council agreed to the purchase of the existing Waipawa Library Building (Units A – C of the former Centre Court complex) and adjoining Unit D.

Unconditional Sale and purchase agreements have been signed with settlement on 30 October 2009.

Once the respective properties are Council owned – a conversion and refurbishment is required to fully utilise the additional space acquired.

The purchase price of the buildings was \$340,000 and conversion costs are currently estimated at \$100,000 plus \$24,000 for heat pumps. (This excludes certain specialised fitout which is currently being fundraised for by the "Friends of the Library".)

The purpose of this report is to establish a funding proposal for the above.

2.0 RECOMMENDATION

THAT

Council utilise \$140,000 from the Capital Projects Fund (primarily from the sale of the Tamumu Holding Paddock and the future sale of the Otane Library Section) – and a loan of \$324,000 for the funding of the purchase of the Waipawa Library Buildings and subsequent fitout.

REASON

The Objective of the decision will contribute to the following Community Outcomes:

- *A life time of good health and wellbeing*
- *Supporting, caring and inclusive communities*
- *Safe and accessible recreational facilities.*

3.0 BACKGROUND

Fundamental to the funding proposal – is the principle that there should be no additional rating impact from the purchase and fitout of the Waipawa Library.

Council's LTCCP states –

"The 2009/19 LTCCP provides for loan funding repayments to be met from the equivalent rental costs.

Funding from Council's Capital Projects Fund will be needed to fund the shortfall in building costs, – leaving the cost of fitout of the new library building to be raised through the newly formed "Friends of the Library".

The purchase price of the buildings is \$340k, and estimates for the upgrade are \$100k plus \$24k to replace the current Council owned air conditioning system which has failed. This gives a total requirement of \$464k (the Council cap is \$500k.)

Included in the upgrade costs are removal of the existing storage space within the existing library and its relocation to Unit D, removal of a toilet and washing facilities from Unit C, rear doorways to Units B, C and D to be made flush with the outside wall (rather than recessed), creation of separate office space in Unit B, removal of the window boxes on the north wall of the existing library (Unit A), creating a throughway between Unit A to Units B and C, interior and exterior painting and re carpeting. Allowance has been made for other changes required – such as computer cabling.

The former tenants gifted Council the air conditioning unit in Unit A. This is at the end of its economic life – but was kept running whilst we were sitting tenants. It also does not cover the additional Units (B – D) which have no heating or cooling facility. A quote of \$24k has been received to provide necessary heating/cooling for the extended library.

Funding options include

- The equivalent rental costs equates to a loan of \$370k which has been allowed for in the 2009/19 LTCCP. (Any reduction in the loan requirement would have a beneficial rating effect).
- The Capital Projects Fund – which exists for these purposes. Currently the Fund has a balance of \$179,000. The sale of the Tamumu Holding Paddock is unconditional and will be settled in January 2010. This will lift the balance to \$269,000. Other properties – including the Otane Library Section - are also currently being marketed.
- In addition over the last three years, the Ruahine and Aramoana Ward Funds have been credited with interest of \$28,000 and \$12,000 each per annum. This interest could be available to help fund the project.

Council therefore has an option of reducing the total loan by funding the purchase/upgrade from other sources.

The LTCCP also proposed that some of the costs could be met from the "Friends of the Library" Currently the "Friends of the Library" have secured funding for the specialised fit out of a children's area, and are fund raising towards furniture for the public computers (supplied through a central government initiative).

4.0 OPTIONS

Option 1

That Council utilise \$140,000 from the Capital Projects Fund (primarily from the sale of the Tamumu Holding Paddock and the future sale of the Otane Library Section) – and a loan of \$324,000 for the funding of the purchase of the Waipawa Library Buildings and subsequent fitout.

Option 2

That Council utilise \$140,000 from the Capital Projects Fund (primarily from the sale of the Tamumu Holding Paddock and the future sale of the Otane Library Section) together with \$46,000 from the Ruahine Ward Fund and \$28,000 from the Aramoana Ward Fund – and a loan of \$250,000 for the funding of the purchase and fitout of the Waipawa Library.

Option 3

Obtain a loan of \$370,000 and fund the balance of \$94,000 from the Capital Projects Fund (primarily the future sale of the Otane Library section and part of the proceeds of the sale of the Tamumu Holding Paddock)

5.0 STATUTORY IMPLICATIONS

Local Government Act 2002

6.0 CONSULTATION

6.1 External

Friends of the Library

6.2 Internal

Library Staff

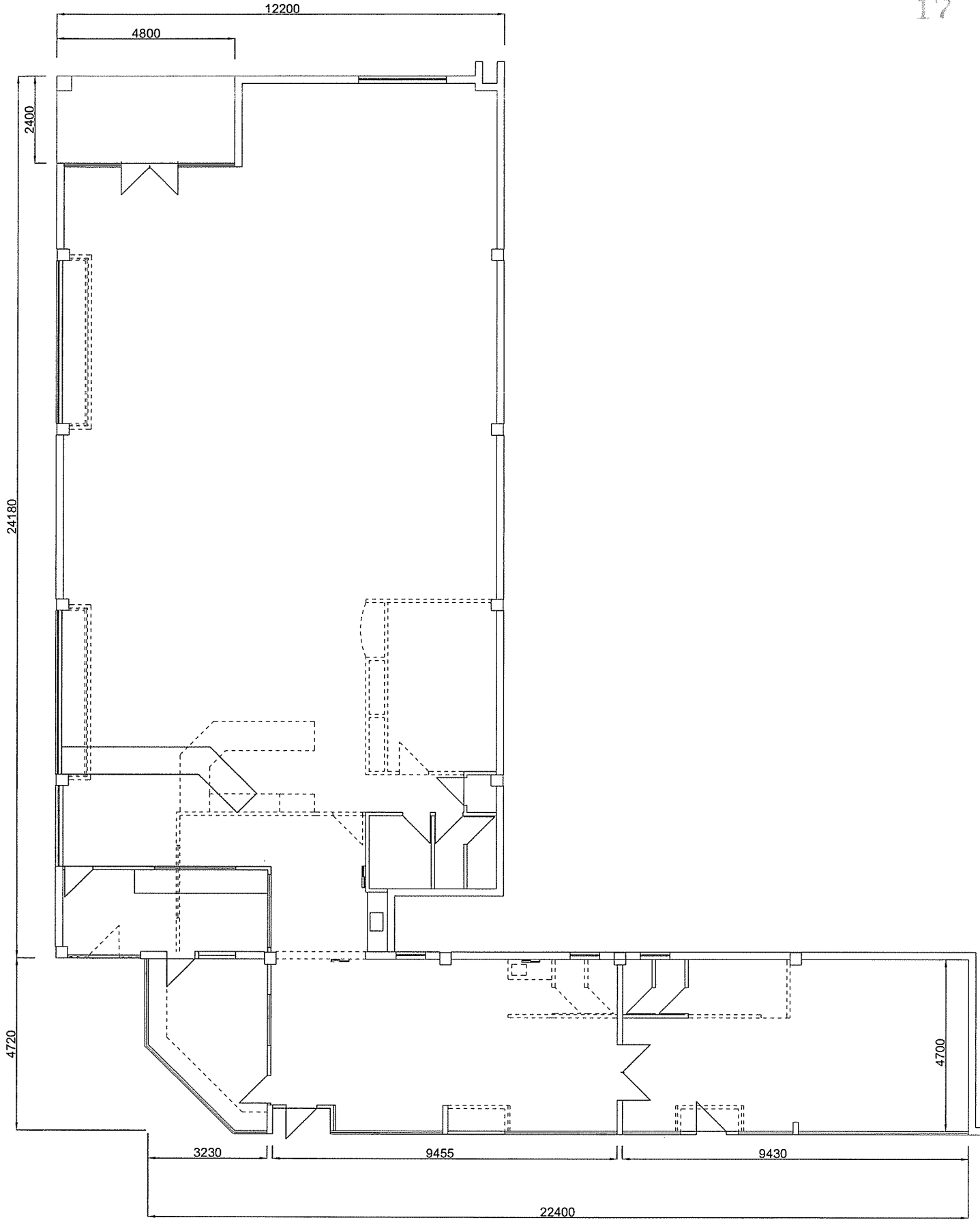
7.0 FINANCIAL

LTCCP 2009/19

8.0 STRATEGIC LINKS

- LTCCP 2009/19

Kevin Brown
Corporate Services Manager



PROPOSED ALTERATIONS

DRAWN BY SK			Date SEPTEMBER 2009	Scale 1:100
CENTRAL HAWKE'S BAY DISTRICT COUNCIL		WAIPAWA LIBRARY		
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