

Business Case – Low complexity

This template can be used for low complexity projects, to jump start a small piece of work quickly. It provides a mixture of business case and project planning in a light-scale approach.

Project information	
Project name	Upgrade of Hobsonville Headquarters building and Sunderland Lounge
Enterprise PPM (Sentient) ID#	N.005041.01
Project complexity rating (PCAT)	Low
Author and date	Peter Loud 4 November 2016
ELT sub-group	ACE Community Places

Further elaborate the link to strategic outcomes, business and/or asset management plans, as per previously indicated in the strategic assessment document.

Strategic case

Outcomes that describe the vision		How we respond	
Tick all that apply. ✓			
A fair, safe and healthy Auckland		Our citizens have a strong voice	
A green Auckland		We get the job done faster, more conveniently and at lower cost	
A Māori identity that is Auckland's point of difference		We have a high performance and inclusive workforce	
A beautiful Auckland		Elected members are better supported	
A well connected Auckland	✓	Increase non-rates revenue	
A culturally rich and creative Auckland		Doing more with less	
A prosperous Auckland			

The Local Board Plan identifies “We have well developed neighbourhoods that are connected to educational facilities, transport networks, business parks and quality community and sports amenities”.

“We need a place where people can mix, mingle and get to know one another. We will make sure that they are in place before people move into the area. It is important that existing facilities are in good condition to accommodate growth”.

The redevelopment of the Hobsonville Headquarters and the upgrade of the Sunderland Lounge will provide key community amenities needed by the developing Hobsonville community.

This investment supports significant new housing development at Hobsonville and aligns with expectations outlined in the Infrastructure Funding Agreement relating to the Special Housing Area.

The upgrade of the Hobsonville Community House in the Old Headquarters Building is identified as an action in the Community Facilities Network Action Plan as a network priority.

Economic & commercial case

Introduction	
Background	The former Air Force Cadet Forces Headquarters building located on the previous RNZAF Station Hobsonville has special heritage significance as the last surviving architectural example of its Air Force administration / headquarters type form. The purchase of

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	<p>this building by Council for community use has just been finalized.</p> <p>The design brief for the refurbishment of the Headquarters building is for a community hub that provides for community focused activities, services and programs, designed to promote the overall wellbeing and connectedness of the community of Hobsonville Point and is aligned with the outcomes of the Upper Harbour Local Board Plan.</p> <p>The total budget is \$1.221M and to date \$70,000 has been spent on design and consenting. LTP has provision of \$1.172 million in FY17 of the LTP for redevelopment of this building.</p> <p>The Headquarters building is considered suitable for community use following some internal alterations.</p> <p>The Sunderland Lounge was also acquired by Council and is a large hall type facility that will be suitable for hosting large community meetings and gatherings. Work has already been undertaken on the hall to remove asbestos, replace the roof and guttering, and replace the internal ceiling at a cost of \$230k.</p>
Case for change	<p>This is a high growth area with the resident population in the immediate ART zones expected to grow from 1,125 to 10,797 (859%).</p> <p>The wider catchment area for this facility will see the population grow from 9,340 to 35,971 by 2046 (284%). Tranche 1 and Tranche 2 of the SHA's identifies Hobsonville as a key area for development.</p> <p>Community consultation undertaken by Auckland Council Strategy and Policy Team identified community aspirations for the Headquarters building and the neighboring Sunderland Lounge.</p> <p>Aspirations relating to the Headquarters and Sunderland Lounge include;</p> <ul style="list-style-type: none"> • Flexible hire spaces • Space for early childhood activities • Storage spaces for community groups • Rooms for various social and support services • Community hub to meet learn and socialise • Wide range of facilities and programs for all ages including health and fitness drop in chill out zone for young people <p>All these identified aspirations will be met through the redevelopment of the Headquarters Building and the upgrade of the Sunderland Lounge. Operational funding is available to enable the services and programmes to be delivered.</p>
Benefits	<p>Preservation of key heritage assets. This will benefit Hobsonville residents and reflect positively on Councils commitment to heritage in the City. Delivery of project will be reported to Councils Heritage Committee.</p>

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	<p>Accessible and flexible community spaces. Development of the Headquarters building and the Sunderland Lounge will benefit local residents and provide for accessible and flexible community spaces for people to connect, participate and for community led action and community organisations.</p> <p>Improvements to Sunderland Lounge will ensure that the facility is fit for purpose and offers flexibility in use, making it more attractive and appropriate for use by local residents. This is expected to increase usage and revenue from hirage. Currently usage of the Sunderland Lounge has fluctuated from a low of 16% to a high of 27%. The Board has set a target of 20% peak time use and 10% off peak use. The upgrade proposal will ensure consistent achievement of this target and potential to raise the target level.</p>
Objectives	<p>To redevelop the Hobsonville Headquarters in line with the design concept approved by the Upper Harbour Local Board.</p> <p>To upgrade the Sunderland Lounge to make it safe, compliant and fit for purpose as a venue for hire.</p>
Business requirements	<p>The LTP has provision of \$1.172 million in FY17 of the LTP for redevelopment of the Headquarters building. The cost estimate for the redevelopment of the building is \$1.381million, a shortfall of \$209k.</p> <p>For serviceability and to satisfy the legal agreement requiring establishment of a car park, extra funding of \$230k is required.</p> <p>The shortfall for the Headquarters redevelopment is \$439k plus landscaping of \$78k.</p> <p>The upgrade of the Sunderland Lounge has been estimated at \$600k. The costings for the Sunderland Lounge have been provided by Community Facilities through the renewal planning process. Current budgets provide \$125k in 2016/17 and \$300k in 2017/18, a shortfall of \$175k.</p> <p>The total shortfall is \$692k.</p>
Deliverables	<p>Completion of the project within time and budget to deliver:</p> <ol style="list-style-type: none"> 1. Redeveloped Headquarters building for operation as a Community Hub 2. Upgraded Sunderland Lounge that is fit for purpose and safe for operation as a venue for hire 3. Development of a car park to service both facilities 4. Improved outdoor amenity achieved through landscaping. 5. Handover operation of services within the facilities to Community Places on completion
Scope / Scope exclusions	<p>In scope:</p> <ol style="list-style-type: none"> 1. Develop the Headquarters building in line with the design concept approved by the Upper Harbour Local Board.

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	<p>2. Sunderland Lounge upgrade as defined by work scoped by the Community Facilities department.</p> <p>3. Development of a car park with 25 parking spaces</p> <p>4. Landscaping in accordance with plans to be developed through the Headquarters design process.</p>
Risks	<p>Structural: Structural analysis report has been commissioned and received for the Headquarters redevelopment. Issues with the floor structure make areas of the Sunderland building unsafe for use. The extent of the structural issues will be fully identified through a full structural assessment.</p> <p>Budget: The competitive market means construction costs are escalating all the time. Further delays to the project may reduce accuracy in the cost estimates prepared, and an escalation in tender prices.</p>
Constraints	No known constraints
Dependencies	Progression is dependent on increased budget being made available
Assumptions	The budget requested will be adequate to deliver the work within a total budget of \$2.289M
Reporting	Project is captured in Sentient and will be monitored and reported on monthly.

Investment options and chosen solution	
<p>Renewal budgets are available but the bulk of the funding will not be available until the 2017/18 financial year because of current renewal priorities. An application for development contributions was made and the projects were assessed and from the growth figures the DC contribution of 85% has been identified.</p>	
Option 1	<p>Do nothing- Don't progress the project at a saving of \$1.172M and \$425k. This will mean that the Headquarters building is not available to the community and the Sunderland lounge will continue to operate in a compromised way as a venue for hire with low utilisation.</p>
Option 2	<p>Don't add further funding. Work within the funding available to deliver lower levels of service in both community assets. Funding of \$1.172M for the Headquarters building and \$425k for the Sunderland Lounge. Contractual commitments with third party will not be delivered.</p>
Option 3	<p>Invest sufficient to provide a minimum viable development at the Headquarters Building and car park at a cost of \$1.611M. Renewal of Sunderland lounge utilising proposed renewal funding of \$425k. No allowance for landscaping.</p>
Option 4	<p>Secure additional funding to redevelop Headquarters building, car park, landscaping and a fit for purpose Sunderland Lounge at a</p>

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	cost of \$2.289M, an overall budget increase of \$692k.
Preferred Option	<p>Option 1 is not the preferred option. Council has undertaken extensive community consultation which has confirmed the rapid population growth taking place in this area and its need for designated community facilities. Obtaining resource consent to use the Headquarters for another purpose could prove difficult because of the Comprehensive Development Plan in existence for the area.</p> <p>Option 2 is not preferred. Design work to date has identified compliance requirements for the Headquarters building which have cost implications. Savings to the internal design have been considered but are not significant and would compromise the buildings future use and ability to meet the growing community needs. Funding is required for construction of a car park to service the facilities which relate to consent requirements and a legal agreement with the Hobsonville Land Company.</p> <p>Option 3 This option is not preferred as it would realise development of the Headquarters building and comply with the requirement for a car park to service both facilities but the internal design would be compromised. Growing community needs would not be met.</p> <p>Option 4 This is the preferred option as it develops the Headquarters building to meet the needs of the community and which is in line with the design option agreed by the Upper Harbour Local Board. It will satisfy the obligation to develop a car park to service both facilities. It will ensure the Sunderland Lounge is renewed to make it fit for purpose, compliant and safe. Landscaping will link both facilities and the car park.</p>

Health and safety risks
<p>Auckland Council (as the 'Person conducting a business or undertaking') has responsibility to ensure, so far as is reasonably practicable, the health and safety of workers and other persons over the life of the asset. The following areas were reviewed with respect to this:</p> <ul style="list-style-type: none"> • provision and maintenance of a safe work environment; and • provision and maintenance of safe plant and structures; and • provision and maintenance of safe systems of work; and • safe use, handling, and storage of plant, substances, and structures; and • provision of adequate facilities for the welfare of workers at work. • provision of any information, training, instruction, or supervision; and • any monitoring required for the purpose of preventing injury or illness of workers arising from the planned activities

Health and safety risks		
The following health and safety related risks were identified in the option assessment relating to this project which will need to be considered for elimination or, where not able to be eliminated, to be minimised.		
Option	Health and safety risk	Project phase
ALL	Unidentified structural issues within the buildings	Construction

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Procurement strategy and plan

Architectural and professional services have already been engaged for the Headquarters redevelopment. For the construction a selected tender process is recommended. The design of the car park has been completed by the Hobsonville Land Company and the quotation for this work has been reviewed by Panuku who have indicated that the costs are what they would expect.

An architect is being engaged to undertake design work for the Sunderland Lounge and to develop a comprehensive scope of works. Work could be carried out by Council's preferred suppliers.

Financial case

Project finances

Total funding requirement

Scope	Estimate	Budget	Shortfall
Headquarters building	\$1.381m	\$1.172m	\$209k
Sunderland lounge	\$600k	\$425k	\$175k
Carpark	\$230k	NIL	\$230k
Landscaping	\$78k	NIL	\$78k
TOTAL	\$2.289m	\$1.597m	\$692k

A cost estimate for the Headquarters building is attached. Provision of the budget in 2016/17 and 2017/18 will ensure that the project is completed to make both facilities available for the community together, and will reduce the risk of cost increases due to delay or staging. Funding for the car park will be required in the 2017/18 financial year to coincide with the completion of the Headquarters building and it becoming operational.

Resources / People

Michael Cairns	Project manager Community Facilities
Peter Loud	Capex Advisor Community Places
Sandra May	Property Coordinator North
Sharon McGinity	Manager Programmes and Partnerships Community Places
Hannah Alleyne	Senior Project Manager Project Delivery Community Facilities

Deliverables	Resources required	Total cost

Management case

Delivery planning, schedule and approach

- | | |
|---|------------------------|
| • Business case approval | December 2016 |
| • Detailed design and consenting | August - December 2016 |
| • Local Board Approval for detailed design and construction | February 2017 |
| • Procurement construction | February - March 2017 |
| • Construction | April - August 2017 |

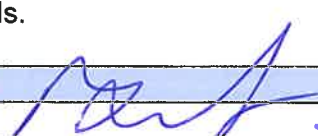
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Key stakeholders			
The following stakeholder groups will be impacted by this change in the following ways:			
Stakeholder name/group	Change impact assessment	Relationship owner	
Upper Harbour Local Board	Positive if redevelopments and renewal work is completed within an acceptable time frame.	ACE	
Community Partnerships and Programmes Team Venue Hire Team	Fit for purpose facilities will enable the delivery of programmes and services. An upgraded Sunderland Lounge should have a positive impact on revenue from hireage of this facility.	ACE	
Acceptance and handover criteria			
The business owner has agreed that the following criteria need to be met in order to accept the <product, document, service, asset etc...> as completed, and proceed to the close phase:			
Deliverable(s)	Date	Review method	Reviewer
Headquarters building with a Code of compliance certificate.	August 2017	Signed documents	Kevin Marriott/ Rod Sheridan
Sunderland Lounge Certificate of public use	August 2017	Signed documents	Kevin Marriott/Rod Sheridan

Approval and acceptance

Handover activities
The following activities and documents will be handed over once acceptance criteria have been met: Designs, procedures, registers, maintenance manuals, warranty's, as built materials, post-project benefits monitoring and realisation activities, post project evaluation

Project governance structure		
This section describes the project governance structure.		
Role	Department	Name
ELT sub-group		
Project sponsor	Community Facilities	Rod Sheridan
Business owner	Community Places	Kevin Marriott
Project manager	Michael Cairns	Community Facilities

ACE	
This initiative is worthy of development. I confirm that if progressed it will meet service needs requirements and respond to identified needs.	
Name	Signature
Kevin Marriott	

Approval
"This initiative is worthy of further development. I agree that the potential costs/benefits identified are realistic, and the low complexity delivery path reflects PCAT findings. Funding to proceed with the project is approved."

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Name	Signature
Rod Sheridan	

Appendices