

# Memorandum

7 March 2019

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**To: Finance and Performance Committee**

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**Subject: Corporate Property Portfolio Strategy Quarterly Update**

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**From: Rod Aitken, Head of Corporate Property**

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## Purpose

1. To provide a quarterly update to the Finance & Performance Committee of activities being undertaken as part of the Corporate Property Portfolio Strategy programme of works.

### Summary

- The Corporate Property Portfolio Strategy programme of works is underway across the region.
- The marketing process is currently underway for the disposal of 35 Graham Street, Auckland Central. The marketing campaign is due to commence for 4-10 Mayoral Drive, Auckland Central in mid-March.
- Panuku is currently negotiating the disposal of 2-6 Henderson Valley Road. The proposed development agreement seeks to achieve the joint aspirations and strategic outcomes of the Corporate Property site disposal strategy and the Unlock Henderson programme.
- Panuku and Corporate Property are working together to deliver development framework documents for impacted local boards for the rest of the sites to be disposed of
- The reinvestment workstreams are designed to create a more efficient and effective customer-focused office and storage portfolio for staff and elected members

## Context/Background

2. At the Finance & Performance Committee meeting held on 15 May 2018, approval was obtained to dispose of seven council-owned sites that Corporate Property considered suitable for sale as part of the Corporate Property Portfolio Strategy.
3. It was also approved that the capital receipts from the divestment of properties would be ring-fenced to reinvest in a self-funded programme to upgrade council's corporate office, local board, customer service centre and storage accommodation across the region.
4. The Corporate Property Portfolio Strategy is designed to deliver future proofed, fit-for-purpose accommodation that is both more efficient and better supports a customer focused workforce.
5. The strategy will consolidate staff to a central Head Office and three operational Hubs located in the North/West, the Centre and the South in Manukau. It will also deliver a network of Spokes across the region enabling closer face-to-face contact with our customers. The strategy also delivers refreshed and new Local Board spaces, Customer Service Centres and consolidated corporate storage facilities.

## Discussion

### Disposals Update:

6. 35 Graham Street, Auckland Central: This site is currently on the market. Panuku and Corporate Property have agreed a two stage "go to market" strategy that includes an Expression of Interest (EOI) phase and a Request for Proposal (RFP) phase. The EOI phase allows prospective purchasers to advocate non-financial outcomes alongside indicative financials. This strategy has been selected so that the Panuku Board can appropriately consider the wider outcomes balanced against financial return.

7. 4-10 Mayoral Drive, Auckland Central: City Rail Link Ltd (CRL), Panuku & Corporate Property have been working closely to realise the above station development opportunity at 4-10 Mayoral Drive adjacent to the new Aotea Station. The site is planned to go out to market in mid-March by way of a two stage EOI/RFP approach. This approach has been designed to ensure that the likely development partners are identified and desired outcomes on the site are achieved in line with the Council Group and CRL objectives. These include integrated design and delivery (station and above station development) and public realm objectives. At the conclusion of the EOI phase, the development framework will be presented to the Waitemata Local Board for their input and feedback.
8. 6 Henderson Valley Road: Panuku and Corporate Property have been working closely together to ensure the disposal of the Henderson Administration building is fully integrated with the wider Unlock Henderson programme objectives. Panuku is currently in negotiation with an interested party. The proposed agreement seeks to achieve the joint aspirations and strategic outcomes of the Corporate Property site disposal strategy and the Unlock Henderson programme.
9. 10 Osterley Way, Manukau (Kotuku House): Panuku and Corporate Property have been working closely together to ensure the disposal of the Kotuku House building is fully integrated within the Transform Manukau programme. A two stage EOI/RFP process is currently being planned and due to be initiated in the next period. It will be designed to ensure that the Transform Manukau outcomes and the wider Council objectives are met.
10. Disposal of the remaining corporate accommodation sites approved for sale: Panuku and Corporate Property are working to deliver development framework documents to relevant local boards for the remaining sites anticipated for disposal including Orewa, Pukekohe and Papakura.

### **Reinvestment Works Update**

11. Central Hub consolidation: In line with the disposal of 35 Graham Street, planning is underway to reconfigure Auckland House and Bledisloe House to enable consolidation of council's staff from 35 Graham St to the new Central Hub at Bledisloe House. Reinvestment works will include a refreshed customer service facility on the ground floor of Bledisloe House to support Regulatory Services' customer facing function.
12. Spokes Programme: The creation of 31 Spokes during FY19 and FY20 are designed to provide a network of bookable spaces for our customer focused staff at locations closer to our customers. This is achieved by leveraging existing underutilised office space already in the council portfolio of accommodation. We now have four operational Spokes in place, three Spokes in the south (Pukekohe, Waiuku, Papakura) and one spoke in the north (Sunnynook). The next completed Spoke will be at Te Manawa, council's new community hub in Westgate, and we plan to have 13 completed at the end of this financial year.
13. Refreshed back office areas for our Libraries and Leisure Centres staff: This financial year we are scheduled to deliver our first tranche of 10 back office refreshed spaces. The prioritisation of the next tranche in FY20 is currently being agreed with Community Services and Community Facilities.
14. Customer Service Centres: Corporate Property is partnering with the Customer Services team to undertake a future-focused refresh of our customers service centres. Early works this calendar year include new customer service centre locations in the Devonport-Takapuna and Franklin Local Board areas.
15. Storage optimisation: early investigation and review is now underway for the consolidation and optimisation of records and archives storage to ensure those works occur in tandem with the consolidation to our Hubs in the North/West and the South.
16. Corporate Wi-Fi at our Libraries: Corporate Property is planning to roll out council corporate Wi-Fi connection to all our library public areas in the coming period. This will provide increased opportunity for council staff to remain connected digitally with their work tasks and with their colleagues (email, skype) when out in our communities without the need to return to their home base to connect.

## **Local Board Impacts**

17. Devonport-Takapuna Local Board and corporate office, early lease surrender: A conditional proposal has been agreed with the Landlord of 1-7 The Strand, Takapuna to exit the building two years prior to the lease expiry in November 2021. Council staff can be relocated within the existing corporate network of offices. This strategy has been well signposted with the Devonport-Takapuna Local Board who will be relocated to the ground floor within 1-7 The Strand by mid-2019 under a new lease arrangement. A Spoke for council staff will also be accommodated in this new location. We are currently working with Community Services and the Customer Services team to relocate the Customer Service Centre to the library, in accordance with council's Customer Channel Strategy, in October 2019. The current plans are designed not to obstruct the potential for alignment with Unlock Takapuna at a later date or disrupt the Devonport-Takapuna Local Board during the election period.
18. Franklin Local Board: The sale of 82 Manukau Road, Pukekohe has been a key enabler to Pukekohe to be recommended for an "Unlock" category priority development location. Corporate Property and Panuku are now coordinating programmes to ensure that the disposal of 82 Manukau Road, Pukekohe aligns with the objectives of the proposed Unlock Pukekohe location. Initial briefings with the Franklin Local Board about a new local board location have taken place and we are now developing options with Local Board Services, Community Services, Community Facilities and the Customer Services teams to accommodate the local board office and meeting space, Customer Services Centre and Spoke spaces within the existing Franklin, The Centre building. An options analysis and a development framework for the site will be presented to the Franklin Local Board in April.

## **Attachment**

Corporate Property Strategy Workstream Structure.

Rod Aitken

**Head of Corporate Property**

# Corporate Property Strategy Workstream Structure



**Stephen Greenhough**  
Project Director

