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Committee       Landcare  
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## Queen Elizabeth Park Barn and Horse Concession

### 1. Purpose

To report back to the committee about discussions with Kapiti Coast District Council (KCDC) and Historic Places Trust (HPT) regarding upgrading the barn at Mackays Crossing, Queen Elizabeth Park.

### 2. Significance of the decision

The matters for decision in this report do not trigger the significance policy of the Council or otherwise trigger section 76(3)(b) of the Local Government Act 2002.

### 3. Background

At the 29 March 2006 meeting the Landcare Committee considered options for upgrading the heritage barn that has been relocated adjacent to the Tramways building at Queen Elizabeth Park. (*Report 06.71 Queen Elizabeth Park Barn*).

At the meeting, the Committee was uncomfortable with the cost of the upgrade of the barn, however acknowledged the importance of the relationship with the horse riding concession that has been based in the barn for many years, and was an integral part of park activities. Officers were therefore requested to look at the likelihood of KCDC and HPT contributing funding to the barn's upgrade with a hope that, if alternative funding contributions were forthcoming, an upgrade of the barn could be considered.

The Committee's resolution was:

*That the Committee:*

- (1) *Receives the report.*
- (2) *Declines to upgrade the barn noting the estimated cost.*
- (3) *Requests officers to invite KCDC and the Historic Places Trust to upgrade all or part of the barn.*

#### **4. Kapiti Coast District Council**

GWRC and KCDC officers met to discuss funding to restore all or part of the barn. KCDC officers indicated they would be prepared to recommend to their Council to waive building consent fees and that GWRC was welcome to apply for a grant of \$5,000 from their Heritage Fund which, given the nature of the application, was likely to be looked upon very favourably by their Council. If GWRC wanted any more funding than that, it would need to be considered by their Council.

When asked if a partial restoration would be an option, we were advised that any attempt to partially restore the building would need to have the support of KCDC and the partially restored building would need to retain the original character of the building i.e. be of the same size and retain original window/door shapes. Restoration of only a third of the building wouldn't, in their view, constitute retaining the original character. KCDC recommended GWRC engage a heritage architect to design the partial restoration to ensure that the restoration retained its original character.

In addition, KCDC added that any application to demolish the building would have to be publicly notified and their recommendation would be to decline the application.

#### **5. Historic Places Trust**

Historic Places Trust (HPT) continues to support retaining the structure but declined to contribute funds towards the works as the barn is not of national significance.

#### **6. Upgrade of the existing barn**

Given the amount of funding that would be forthcoming from these parties, an upgrade of the barn is not desirable from a commercial sense. Even with the contributions from KCDC and Transit, and the increased revenue from providing a facility, the estimated lease revenue that would be received over the life of the loan (estimate \$7,400 p.a. for 15 years) would not be enough to cover the loan repayments for the upgrade (\$8,444 p.a.). With that being the case, the difference would need to be subsidised by the Council. Also, the \$89,000 for the upgrade only provides a basic structure. Enhancements could be added depending on the level of service the Council is willing to provide (i.e. water, office space, internal wall lining). Please note that the revenue figures are indicative only based on amounts paid previously by the concessionaire.

Officers have considered whether Council could potentially find either a sponsor for the upgrade of the barn, or seek support from the local community to apply for funding through the likes of the Lotteries Commission as a community project. With this option the Council would receive a full rent for the barn, without having to use ratepayer funding for the upgrade. In addition

to that the project would probably gain community profile both about the project and for the park.

The downside is that the process to find a sponsor(s) or to make application for a grant would be time-consuming, with no guarantee of success. In the mean time the horse riding concession could not be tendered, and the existing concessionaire would be left to operate without a facility, and without security of tenure on the site. With the barn being used for a commercial activity, and the Council gaining a commercial rental for the structure, there may also be issues with what happens with the proceeds from the lease of the barn, how those benefits should be used, as well as sponsorship advertising on the structure itself. Council would also need to provide some initial funding for expenses that would be incurred through this process (i.e. advertising and design fees).

## **7. Transit NZ**

Just to reiterate, the barn requires further work by Transit to complete its structural upgrading. Transit has allocated \$14,000 to complete its share of the remedial work.

## **8. Where to from here?**

With an upgrade of the barn not being commercially viable, and with the horse concession still wanting to run an operation at the park that includes a facility, officers have considered a couple of options that will be suitable for a concessionaire as well as being commercially viable for the Council.

### **8.1 Decommission the barn, and offer the horse riding concession with a new building**

Officers have investigated the cost of providing a new, custom built-facility. The estimated cost of providing a purpose-built barn for a horse riding concession is:

#### **Essential Building Costs**

Building shell (approx 100m <sup>2</sup> Totalspan or equivalent)	\$24,000
Concrete Floor	\$10,000
Paper and netting under roof	\$1,500
Interior lining to storage area (75m <sup>2</sup> ) ply or timber rails to 1.2m	\$3,250
Windows, doors, translucent roof panels	\$1,500
Building Consents and supervision	<u>\$4,000</u>
Subtotal	\$44,250
Contingency 10%	<u>\$4,425</u>
<b>Total</b>	<b>\$48,675</b>

**Optional Additional Costs**

Interior lining to office (25m <sup>2</sup> )	\$12,000
Power supply, meter, lights and power points	\$7,000
Telephone connection	\$1,000
Water Supply	<u>\$1,000</u>
<b>Total</b>	<b>\$21,000</b>

On top of these costs, however, GWRC will still need to make the building safe and secure (cost to GWRC \$2,000) until a time when either the building is upgraded, or it falls into such a state of disrepair, that it has to be demolished (Total cost to GWRC \$48,675 + \$2,000 = \$50,675).

By loan funding only the essential building costs and associated costs to do with securing the barn, annual repayments on \$50,675 would be \$5,705 over 15 years (assuming a finance cost of 7.25%). With an estimated \$7,400 p.a. rental, the project would turn a small excess over the life of the loan. With the estimated life of this building being 50 years however, once the loan is paid off, the full rental would be profit.

Some of the costs above are noted as discretionary. Depending on the level of service the Council wanted to provide the concessionaire with, these can be added. When adding in the \$21,000, the annual loan repayments become \$8,070. The profitability over the life of the building therefore falls to being a net cashflow loss over the life of the loan that Council would need to subsidise.

**8.2 Do nothing – Decommission the barn, and offer a limited concession**

To recap, Transit has met its resource consent obligations and has relocated the barn to the area nominated by GWRC in a stable structural condition. The barn is now on new foundations in a location adjacent to the Tramways building. All that is required to comply with the conditions of the original resource consent is for Transit to complete some structural bracing work to leave the building in a stable structural condition. Transit have allocated \$14,000 for this work to be completed, and will be required to do it no matter what option the Council chooses to go with.

This option generates a net return to the Council over the life of the loan as there is little initial capital required so the lease revenue (estimated \$4,200 p.a. without providing a facility) easily covers debt repayment. The only initial capital required is to make the barn safe and secure (cost to GWRC \$2,000) until a time when either the barn is upgraded, or it falls into such a state of disrepair, that it has to be demolished.

With this option, the main effect of doing nothing is the effect it will have on the horse riding concession. Without a facility to operate out of, the concessionaire will need to either provide a facility of their own, or have storage offsite and cart all gear required to run the concession to the park daily. If the concession operator saw a facility was desirable, they could provide their own temporary buildings such as a portable office (6m x 3m Portacom office

hire = \$5,000 p.a.) and/or a shipping container (3m x 3m container = \$1,000 p.a.). Alternatively they could chose not to tender because without a facility, it may prove to be difficult to operate a concession.

## 9. Cost Analysis

The following table outlines the costs and revenues associated with each of the above options over a 15 year period.

<b>Revenue</b>	<b>Basic New Building</b>	<b>Enhanced New Building</b>	<b>Do Nothing</b>
<b>Lease income (Indicative)</b>	<b>(\$7,400 p.a.)</b>	<b>(\$7,400 p.a.)</b>	<b>(\$4,200 p.a.)</b>
<b>15 year income</b>	<b>\$111,000</b>	<b>\$111,000</b>	<b>\$63,000</b>
<b>Costs</b>			
Securing the Barn	\$2,000	\$2,000	\$2,000
New facility	\$48,675	\$69,675	-
Finance Cost	\$32,048	\$45,340	7,590
<b>Total Cost</b>	<b>\$82,723</b>	<b>\$117,015</b>	<b>\$9,590</b>
<b>Net gain/(loss)</b>	<b>\$28,277</b>	<b>(\$6,015)</b>	<b>\$53,410</b>

## 10. Discussion

With the new ranger's office and adjacent toilet block near the MacKays Crossing entrance now open and operating, this is attracting more people into this area. Visitors are expected to increase further once the highway works are completed and if the horse riding concession is fully operative again. It is expected that there will be applications for other groups and commercial opportunities to be established in the area.

As noted previously, the upgrade of the barn does not make good commercial sense. The cost of servicing the loan required to fund the upgrade works would not be covered by the rent received until after the loan has been paid off. In the meantime, the Council will need to effectively subsidise a commercial activity.

However, the barn has for a long time been the home of the horse riding concession and the concession has become an integral part of the park's activities and needs a home. While it is not impossible to run a concession without a facility building, the existing concessionaire has been displaced from their existing facility and not having a facility would mean quite a change for them in the way they operate their business. For that reason, officers

recommend that the possibility of providing an economically viable building to be supplied by Council in lieu of rental being forthcoming be further investigated. This recommendation is based on the fact that we can estimate the cost of any facilities with some accuracy but can't do the same for revenue.

The Council could offer the tender without the new facility, in lieu of constructing after a concession is let. The tenderers could be asked to provide two tenders, one with the structure, and one without. Council could then make a final decision about the facility once all the tenders have come in and income and expenditure have been compared.

The building can be financed by 2006/07 funding currently allocated to Whitireia Park upgrades that have been delayed and look unlikely to be able to be completed in the 2006/07 financial year. The horse concession building will, however, need to be relatively basic as the project is likely to become less profitable, the more expensive the facility becomes. Again, Council can consider the level of facilities it wants to provide with the building once the revenue is more certain.

In the long term, it is desirable to implement enhancements to the area as time and money permit. While work on any new building would need to be done as a complete project, landscaping and parking (additional cost to GWRC approx \$90,000) are not essential for the horse riding concession and the Council could choose not to implement the enhancements or agree to do them in subsequent years. Of these additional costs, forming car parking accounts for about half. This would need to be outsourced and funded accordingly. The rest of the costs (landscaping and fencing) could be done by our own staff. Plants could be grown in our own nursery, and planted by staff and possibly volunteers. While it may appear that these costs can be absorbed, they are not "free" per se. They will utilise staff time and resources earmarked for regular maintenance.

It is important to note that with these options, Council still retains the option of upgrading the barn at a later date if it so desired.

## 11. Recommendations

*That the Committee:*

1. **Receive** the report.
2. **Approve** the offering of a horse riding concession at Queen Elizabeth Park with and without a Council provided building.
3. **Refer** making a decision on upgrading the old barn.

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