

Memo

To	Peter Murray, Chief Executive (Acting)
Cc	Preserving the Nation's Memory Governance Board Property Group: Hanita Shantilal, Brendon Davies, Brendon Sheppard National Library: NLLT, Mark Crookston, Peter Whitehead, Kevin Moffat, Shobna Hillman Archives NZ: ALT Lay Chin Wan – IKS Business Partner
From	Rob Stevens, IKS Portfolio Director
Date	22 August 2018
Subject	PtNM: Wairere House exit project plan

Purpose

1. This memo attaches a Project Plan for the exit of Wairere House, Bates Avenue Whanganui. The Project Plan sets out the scope, estimated cost and timeline for the relocation of the collections currently held in Wairere House.

Recommendations

2. It is recommended that you:
 - a) **Note** that Wairere House maintenance costs are estimated to be in the vicinity of \$7.000M over the next 10 years (this excludes any window refurbishment);
 - b) **Note** that extensive pre-decant activities are required to support the relocation of the Wairere House contents;
 - c) **Note** that it is proposed a review of the collections setting and operating model is completed and that this will inform the development of a new policy;
 - d) **Note** that consultation has commenced with Guardians Kaitiaki of the Alexander Turnbull Library (ATL) and that the project team will report back to them in October 2018 on the review of the operating model and the policy development;
 - e) **Note** that the duration of the project is two years and three months and the estimated completion date is 30 September 2020;
 - f) **Note** the estimated budget to complete this project is \$2.948M and that \$1.391M of these budgeted costs are included in the 2018 PtNM business case;
 - g) **Agree** in principle to support the Wairere House exit plan.

Agree / Disagree

h) **Agree** that the following funding sources are reallocated towards this project in 2018/19:

- i. \$0.800M allocated in DIA's 2018/19 capital envelope for the Wairere House chiller upgrade; and
- ii. \$0.250M of the PtNM operating budget in 2018/19;

Agree / Disagree

i) **Agree** that if the PtNM submission for Budget 2019 submission is unsuccessful, the balance of the funding required (\$1.898M) to complete this project will be sought from DIA in financial years 2019/20 and 2020/21;

Agree / Disagree

Background

3. The Wairere House facility in Whanganui is at the end of its economic life and is built next to a flood prone river. There are a number of known issues with the facility that represent a risk to the collections.
4. The Preserving the Nation's Memory (PtNM) Business Case noted these concerns and included the relocation of the collections currently stored at Wairere House to the New Shared Repository (Phase 1) and the divestment of the property.
5. Following the unsuccessful budget bid in 2018 it was agreed to investigate what actions were needed to be taken to address the most immediate risks. This included looking into the relocation of the collections at Wairere House with urgency and disposing of the building.
6. On 16 April 2018 the PtNM Board requested a detailed plan be developed for the exit of Wairere House, including a timeline and budget.

Key features of the project plan for the exit of Wairere House

7. The Wairere House project plan for the relocation of the collections is attached at Appendix 1.
8. The table below sets out the project scope and deliverables;

Table 1: Actions and activities required to complete the decant and relocation of the contents of Wairere House

Action/activity	Description/Format of collections to be relocated from Wairere House
<p>Rugby House, Wellington:</p> <ul style="list-style-type: none"> • Pre-decant activities • Streamline collection space • Relocation of the Dorothy Neal White collection from Rugby House to Molesworth Street • Identification of NZ authors from Wairere House content to be retained and relocated to Rugby House • Disposal of remaining (NL fiction and non-fiction) collections no longer required <p><i>Project dependency</i></p> <ul style="list-style-type: none"> • Ministerial approval for the disposal of remaining NL collections no longer required (this will be managed by the National Library) 	<p>NL fiction collection (including NZ authors)</p> <p>NL general (non-fiction) collection</p>
<p>Rugby House, Wellington:</p> <ul style="list-style-type: none"> • Installation of shelving and any alterations required to the Rugby House basement room B21C (18°) • Pre-decant activities <p><i>Project dependency</i></p> <ul style="list-style-type: none"> • Operating review and new policy development for the collections setting 	<p>Out of scope</p>
<p>Out of scope</p>	<p>Out of scope</p>

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Action/activity	Description/Format of collections to be relocated from Wairere House
<p>National Library Molesworth Street:</p> <ul style="list-style-type: none"> Installation of shelving and any alterations required to accommodate collections <p><i>Project dependency</i></p> <ul style="list-style-type: none"> Operating review and new policy development for the collections setting 	<p>Collections relocated from Rugby House room B21C (high use collections)</p> <ul style="list-style-type: none"> - Corporate Library collection - NL NZ & Pacific serials and folios collection - NL overseas serials collection - NL newspapers (physical access copy of recent publications)
Develop communications and engagement plan	Stakeholders and interested parties including: staff and tenants located at Wairere House, Iwi, Guardians Kiatiaki of Alexander Turnbull Library, LINZ and Whanganui City Council. Iwi engagement needs to consider tāonga being moved within three locations: Whanganui, Wellington and Auckland
The execution, logistics and transport	The complete decant of the collections of Wairere House

- It is anticipated the project will take over two years to complete, commencing August 2018 the project completion date will be approximately 30 September 2020.
- The total estimated budget is \$2.948M this is made up of \$1.280M Capex and \$1.668M Opex.

Options assessment

- An exit strategy was developed to look at the feasibility of relocating the contents of Wairere House. For each type of format, we assessed the most appropriate solution, taking into account: cost, risk, geographical location and capacity constraints. The table below sets out the options considered and the rationale for discounting the option.

Discounted options	Rationale
Commercial storage options	<p>Expensive and requires ongoing funding e.g. storage costs from an external provider have been estimated at \$750k - \$925k per annum for 7,000LM. The Wairere House contents equal 12,500LM.</p> <p>Extremely limited options available for environmentally controlled storage facilities.</p>

Discounted options	Rationale
Out of scope	

12. Three important points were considered when assessing the options, these were:

- a) A vital outcome of exiting the Wairere House facility is to ensure the ATL collections and National Library general collections remain appropriately preserved, protected and accessible.
- b) The National Library of New Zealand Act 2003 states that ATL collections must be stored in a National Library building: section 11(2A) The chief executive, in consultation with the National Librarian, must provide—(a) separate and suitable accommodation in a national library building for the collections of the ATL. However, a precedent was set when ATL and National Library collections were temporarily stored at Archives Wellington during the National Library refurbishment 2010-2012.
- c) That any proposed solution is informed by the Principles for Storage of Physical Collections and Holdings for Archives New Zealand and the National Library of New Zealand, as approved by the Chief Archivist and National Librarian in October 2017.

13. The benefits of the selected option are:

Benefits	
a)	The collections remain in the North Island. Avoiding increased cost and risk in transporting collections outside of the North Island.
	Out of scope
d)	Meets the requirements of section 11(2A) of the National Library of New Zealand Act 2003 (the National Library Act).
e)	Aligns with the Principles for Storage of Physical Collections and Holdings.
f)	Disposal of the remainder of the National Library general collections is the most cost effective and efficient solution.
	Out of scope

Other considerations and information

Review of the long-term collections setting

14. Analysis work completed during the development of the PtNM business case identified a significant amount of pre-decant work was required prior to the decant of Wairere House to the new shared repository. This work includes inventory control, listing and description work, conservation and repackaging. An earlier than anticipated exit of Wairere House would mean that this work is even more critical given the upward pressure on storage space and resources.
15. Prior to the pre-decant work commencing there is an opportunity to review the long-term collections setting and operating model. This review would inform policy development, and more importantly provide clarity around our long-term collection outcomes and ensure they are fit-for-purpose. It is expected the outcome of this work will bring about a streamlining of the collections, which in turn will improve short to medium-term pressures on storage capacity.
16. It is anticipated this review and policy development will take 3-6 months to complete, preferably by 30 December 2018. The National Library and Archives NZ leadership teams will lead this work.



Rugby House facility

21. A number of practical steps for the relocation of the contents of Wairere House have already commenced at Rugby House. This includes:
- Moving the Dorothy Neal White collection from Rugby House to Molesworth Street
 - Reorganising and streamlining the Rugby House collection space
 - Processing music donations and inventory control.
22. Any continued streamlining of Rugby House will ensure efficient use of shelving to support future growth.

Avoided maintenance costs for Wairere House

23. Substantial short and long term capital investment will be required to maintain this sub-optimal facility into the future. By releasing and disposing of Wairere House, DIA will avoid expensive and on-going maintenance costs.
24. A building Condition Report prepared by ^{9(2)(f)(iv)} (in June 2018) states that the estimated cost to remediate:
- d) The most immediate and pressing maintenance items (1-4 years remedial work) will be in the vicinity of \$0.750M capex.
 - e) Renewal works in years five to nine will be \$1.050M capex
 - f) Renewal works in year ten only will be \$1.480M capex

Consultation and communication with stakeholders

26. There are a number of key internal and external stakeholders that will need to be informed of the Department's plan to exit and how this will be managed. These include; staff and tenants located at Wairere House, Iwi, Archives NZ Auckland office, LINZ, the Guardians ATL and Whanganui City Council. The Minister of Internal Affairs will also be kept informed throughout the project.
27. Consultation and engagement with Iwi needs to include a consideration to tāonga being moved within three locations: Whanganui, Wellington and Auckland.
28. A key message in the Department's communication with stakeholders will be to how Wairere House has served to meet the National Library needs for around 25 years and is now at the end of its useful life without a major upgrade. In addition, relocating the collections will significantly reduce the risk of loss or damage if they are moved out of Wairere House.

Guardians Kaitiaki of the Alexander Turnbull Library

29. Consultation regarding the exit plan commenced with the Guardians Kaitiaki at their 19 July meeting. Overall the Guardians Kaitiaki supported the exit and relocation of the contents, and the proposed new sites.
30. The Guardians Kaitiaki noted the relocation of the contents would not be a permanent move and that a further move would be required as proposed in the PtNM business case. They were comfortable with the experience and capability of the 'project team' to execute the successful relocation of the collections.
31. The ATL have undertaken to report back to the Guardians Kaitiaki in October 2018 on progress with the operating model review and policy development work. This will give them a greater sense of what the long term collections setting might look like going forward and how it might impact the collections.

Financials

34. The Wairere House net book value as at 31 May 2018 is \$0.890M for the land and \$1.606M for the building.

35. Building outgoings are \$300k annually. Rental income and other cost recovery items is \$109K annually. A property valuation report is being prepared to determine the likely Leasing and Re-sale value for the Wairere House.
36. The associated disposal costs for the building are not included in the budget estimate.

Funding options available for the delivery of the project

37. As mentioned above the total budget estimated to complete this project is \$2.948M. This is made up \$1.381M Capex and \$1.567M Opex. \$1.391M of these budgeted costs are included in the PtNM business case.
38. We have reviewed PtNM budget for 2018/19 and identified up to \$0.250M operating funding that could be allocated toward pre-decant activities.
39. In addition, there is \$0.800M capex allocated in DIA's 2018/19 capital envelope for the Wairere House chiller renewal (this requires ICG approval). This capital could be redirected toward project costs providing the chiller plant can be maintained for a further 2 years without replacement.
40. Should the PtNM submission for Budget 2019 be unsuccessful, the balance of the funding required (\$1.898M) to complete the project will be sought from DIA in financial years 2019/20 and 2020/21.

Risks

41. A number of risks have been identified with regard to the delivery of this project and project dependencies, these include:
- a) Any outcomes arising from the newly established National Archives and Library Institutions Ministerial Group that may impact on the PtNM project;
 - b) Any direction to re-scope the PtNM project, this may impact on timing and resourcing for this project;
 - c) The outcomes of the collections setting review and policy development, and how this may impact collections rationalisation;
 - d) If Ministerial approval is not granted for the disposal of the National Library general collections, this will mean other storage options for these collections will need to be sourced. This will impact on resourcing and cost.

Next steps

42. Subject to PtNM board approval and direction, we will prepare a (short form) business case seeking IGC approval to secure the \$0.800M capital funding to commence the exit project.

Peter Murray
Chief Executive (Acting)

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