
REPORT 5B
(1215/52/IM)

INDOOR COMMUNITY SPORT CENTRE PROPOSAL

1. Purpose of Report

To present a proposal for the development of an indoor community sport centre at Cobham Drive Park and to refer the proposal to Council on 8 March, for inclusion in the draft Long Term Council Community Plan.

2. Executive Summary

An Indoor Stadium Working Group was formed in June 2005 to review and make recommendations for indoor sport centre facilities.

The Working Group has reviewed feasibility studies on the proposal, assessed need, identified site options and configurations, consulted with the “anchor sports” and undertaken concept design and costing work.

Since August 2002, the Westpac Stadium concourse has been the preferred site for a sport centre. However, with the purchase of 2.34 hectares of land at Cobham Drive Park in late 2005, this site also emerged with potential for a sport centre.

The Working Group has recommended that Cobham Drive Park be the preferred site for an 8 court indoor community sport centre because the location and configuration provide the most affordable and workable option. If construction was to start in late 2007, the Cobham Drive Park location is estimated to cost approximately \$29 million. By comparison it is estimated that a smaller 8 court facility at the Westpac Stadium concourse site would cost approximately \$36 million.

The proposed sport centre would provide playing and training facilities for netball, basketball, volleyball, other sports and schools. The facility would also have capability for hosting regional, national and international sport tournaments – thus addressing the issue that very few indoor sport tournaments are currently held in Wellington City and the Wellington Region.

A large sport centre will provide a number of efficiencies, synergies and benefits that will not be obtained in a smaller facility(s).

It is also proposed to sell an under-utilised area (approximately 5800m²) at the northern end of the preferred site once a concept design has been agreed. Investigations have estimated that this portion of land is worth approximately \$4 million.

3. Recommendations

It is recommended that Committee:

1. *Receive the information.*
2. *Note that Council agreed to consult on a proposal for an indoor sports stadium in the draft 2005/06 Annual Plan.*
3. *Recommend to Council that Cobham Drive Park is selected as the preferred site for an Indoor Community Sport Centre.*
4. *Recommend to Council that it determines that the proposal involves a decision to commence a "significant activity" and a decision to construct a strategic asset under the Local Government Act 2002.*
5. *Note that because the proposal involves a decision to commence a "significant activity" and a decision to construct a strategic asset, the Local Government Act 2002 requires that the proposal must be explicitly provided for in the LTCCP which involves the following steps:*
 - a) *Council approval of the statement of proposal on 8 March 2006*
 - b) *Inclusion of the statement of proposal in the draft LTCCP*
 - c) *Consultation on the statement of proposal as part of the special consultative procedure undertaken for the draft LTCCP*
 - d) *A decision on whether to proceed with the proposal as part of the decisions on the final LTCCP.*
6. *Recommend to Council that the proposal to establish an Indoor Community Sport Centre is included in the Draft 2006/07 LTCCP.*
7. *Agree that the final statement of proposal will be presented to Council for approval prior to initiation of the special consultative procedure on the draft LTCCP.*
8. *Note that following completion of the special consultative procedure, if a decision is made to proceed with the proposal, Council officers will progress the detailed design and regulatory consent process.*
9. *Note that it is proposed to sell land at the northern end of Cobham Drive Park following agreement on the detailed design.*
10. *Note that it is intended that Council builds, owns and manages the proposed Indoor Community Sport Centre.*

11. *Note that Council officers will continue to engage with sports codes in relation to the design and planning of the proposed Indoor Community Sport Centre.*
12. *Note that Council officers will continue to liaise with affected Cobham Drive Park sportsfield users.*
13. *Note that the estimated capital cost of constructing the proposed sport facility at Cobham Drive Park is approximately \$29 million.*
14. *Note that the average net operating cost of the proposed 8 court facility over 60 years, is estimated to be \$1,843 million per annum including depreciation and interest costs).*

4. Background

An indoor community sport centre in Wellington would add significantly to the quantity and quality of recreation facilities/opportunities available to residents. Development of such a facility would mean Wellington is in a better position to attract more regional, national and international sport events/tournaments. Compared to many cities in New Zealand, Wellington is hosting few major indoor sports tournaments. Appendix 1 outlines the types of indoor facilities found in other major New Zealand cities.

Such a facility would support the Council's strategic vision and outcomes and provide critical social infrastructure in line with the draft Social and Recreational Strategy. The health benefits of physical activity are many as physical activity is both a protective and mitigating factor against a range of health disorders. Physical activity and sport can play an important role in furthering personal and social development for individuals and communities. An indoor sports facility will support and enhance residents' access to and participation in physical activity.

An Indoor Community Sport Centre will:

- improve the playing and training conditions for indoor sports participants at all skill levels
- encourage growth in indoor sports because of the increased indoor court space and the improved quality of the facility
- attract more regional, national and international sports events to be held in Wellington City and this would bring economic benefit to the City.

In addition an indoor sports centre will alleviate problems facing both Wellington Basketball and Volleyball in securing usable space for their sports on a regular basis.

In early 2001, Council agreed to provide a grant to Sport Wellington Region for a needs assessment for an indoor multi-sport facility. That assessment by the Global Leisure Group concluded that:

- The current level of facility provision is inhibiting the growth of most indoor sports. In particular, netball, basketball, volleyball and gymnastics have a high need for increased provision.
- Wellington is losing the opportunity to host tournaments because of the lack of a facility with more than 3 courts.

- The capacity for administration and other support facilities is poor.
- Construction of a multi-sport facility would allow all users to share ancillary facilities such as reception, toilets and changing rooms, with all benefiting from the ensuing economies in scale.
- Significant unmet demand was identified for netball, basketball and volleyball. A large indoor sport facility would provide assured access for weekly competition leagues, higher quality playing surface, reliability through protection from the weather for players and spectators, and an ability to involve a large group in an activity at one time.

The feasibility study recommended that a 14 court facility with additional areas for indoor bowls, gymnastics, squash and table tennis and spectator seating be constructed on railway land adjacent (north) of the Westpac Stadium. The estimated capital cost of the facility was \$35-\$40 million, excluding land costs.

The Community, Health and Recreation Committee rejected that development option saying that the costs were too high and that more realistic options should be investigated. Councillors also noted land acquisition issues with the site and the complications involving relocation of the railway network currently on the site.

4.1 Maskell Report

In July 2002 a new proposal was presented to Council by a consortium led by Ian Maskell. The proposal recommended building a 12 court indoor facility on top of the concourse adjacent to the Westpac Stadium. The report concluded that the capital cost of construction would be \$28-30 million.

The above capital cost did not include space for gymnastics at the Community Sport Centre – the cost of this extension was estimated to be \$1.55 million. The report suggested a \$200k-\$300k re-fit of the space that Wellington Basketball currently leases at the National Schools of Dance and Drama – this would save over \$1 million and would allow gymnastics clubs to have their equipment set-up permanently.

Council approved funding in the 2003/04 Council Plan to conduct additional planning and feasibility work on the indoor sports facility.

4.2 Indoor Stadium Working Group

Funding of \$96,000 was allocated in the 2005/06 Annual Plan for Council to establish a Council-controlled organisation that would review, update and complete a business case for an indoor sport centre.

An Indoor Stadium Working Group was formed in June 2005¹. A Trust was not established because of legal complications and the costs associated with establishing a Trust. The Working Group used the allocated funding to review historical material on the proposal, identify site options, and undertake site analysis, concept design, costing work, and other professional work. It also investigated external funding possibilities.

¹ The Working Group consisted of the following members: Mayor Prendergast, Paul Collins, Bill Trotter, Katie Sadleir, Neil Green, David Morriss and Ross Graham.

The Westpac Stadium concourse was the preferred site for an Indoor Stadium and the 2005/06 Annual Plan included information about the proposal to build the stadium at that site. With the purchase of land at Cobham Park Drive, the Working Group included that site in its deliberations.

The Working Group recommended that:

- Cobham Drive Park is selected as the preferred site
- Council officers undertake detailed design work for a community sport centre at Cobham Drive Park
- Council officers continue to engage with sports codes in relation to design and planning of the facility
- Council officers liaise with affected Cobham Drive Park sportsfield users with a view to transferring to other Council sportsfields or schools.

4.3 Cobham Park

Cobham Drive Park comprises a total area of 29,212m² (2.9 hectares) and is owned by Wellington City Council. Up until 28 November 2005, Council only owned 5,772m² of the land at Cobham Drive Park and leased (since the year 1979) the rest of the park from the Crown. On 28 November 2005, Council purchased the rest of the park from the Crown - an area of 23,440 m² (2.344 hectares).

The report that was considered by Council in October 2005 on the purchase of the park mentioned that the Indoor Stadium Working Group had identified Cobham Drive Park as a potential site for an indoor sport centre.

Cobham Drive Park is zoned “suburban centre”, and is part of a broader suburban centre area broadly defined by Kemp Street and Cobham Drive. Suburban Centre zoning is a relatively permissive land use category, one key objective being to “*encourage a wide range of activities*” provided that specified conditions are met.

5. Discussion

5.1 Proposal

It is proposed to build an Indoor Community Sport Centre on the Cobham Drive Park site and, if Council agrees, construction will commence at the end of 2007. The proposed Indoor Community Sport Centre will comprise 8 full size courts, meeting rooms and seating for approximately 1,000 spectators. In addition there will be a reception area, car parking, kitchen, changing room and toilets and an area for tournament control and administration.

The facility would also have the ability to host banquets for up to 4,000 people. Presently the largest venue in Wellington can only host about 1,200 people for banquets and there is demand for such a space.

Preliminary drawings of the proposal are attached as Appendix 2.

The community sport centre will complement other indoor facilities in the city such as the Events Centre, WCC recreation centres and the Wellington Academy of Sport. Particular consideration has been given to the relationship between the Events Centre

and the Indoor Community Sports Centre. The Events Centre will remain the city's main facility for major sporting events, and other national and international sports finals that attract spectators. For this reason, seating for only around 1000 spectators would be provided for at the proposed centre.

It is proposed that the Council will manage the facility, given that a management function fits well with the Council's role and purpose. For example the Council presently manages five indoor recreation centres, seven swimming pools and many other leisure facilities. The major indoor sports codes have expressed a preference for Council management of the facility. The Cobham Drive Park site has potential for at least another 4 courts to be added in the future if need is proven and funding is available.

5.2 Assessment of Potential Sites

Six potential sites were assessed against ten criteria. The criteria were developed on the basis of the needs assessment carried out by Global Leisure Group. The sites that were assessed included two sites at Westpac Stadium, the Cobham Park site and sites identified by sporting codes as possible responses to meeting unmet demand for indoor recreation space. The following table shows an analysis of sites using a point score rating. The rating was based on a scale of 1 to 5 in terms of fit with the criteria, as follows:

| | | |
|---|---|---------------------|
| 5 | = | Very high level fit |
| 4 | = | High level fit |
| 3 | = | Adequate fit |
| 2 | = | Low fit |
| 1 | = | Very low fit |

| Criteria | Haitaitai Park | North of Westpac Stadium | Westpac Stadium concourse | Exhibition Ground | Dance & Drama Centre | Cobham Drive Park |
|---|----------------|--------------------------|---------------------------|-------------------|----------------------|-------------------|
| Availability of land and space for future expansion | 1 | 1 | 5 | 4 | 1 | 5 |
| Cost of land & building | 5 | 1 | 3 | 5 | 4 | 5 |
| Planning implications (RMA, land designations) | 1 | 4 | 3 | 3 | 2 | 4 |
| Local residential development | 5 | 5 | 3 | 1 | 2 | 5 |
| Close to educational institutions | 4 | 3 | 3 | 5 | 4 | 4 |
| Linkages to existing sport and recreation facilities | 5 | 4 | 5 | 2 | 4 | 2 |
| Visibility/ prominence of the site | 3 | 5 | 5 | 1 | 2 | 4 |
| Relationship to transportation networks | 3 | 4 | 5 | 2 | 3 | 3 |
| Existing infrastructure and services e.g. car-parking | 2 | 2 | 5 | 2 | 2 | 3 |
| Topographical / access suitability | 1 | 4 | 2 | 5 | 2 | 5 |
| TOTAL POINTS | 30 | 33 | 39 | 30 | 26 | 40 |

The Westpac Stadium concourse site and Cobham Drive Park were assessed as the leading contenders, both having at least an adequate fit with nine of the ten criteria. Having identified two strong contenders for the site an analysis of construction risk was carried out on those two sites. The criteria were developed on the basis of identified risks associated with construction. Construction complexity includes access to site, level of engineering and design required, general site issues and the risk associated with

expanding from 8 to 12 courts. The following table shows that analysis for the Cobham Drive Park and Westpac Stadium concourse sites using a point score rating. The point score rating is based on a scale of 1 to 5 as follows:

| | | |
|---|---|----------------|
| 5 | = | Very high risk |
| 4 | = | High risk |
| 3 | = | Medium risk |
| 2 | = | Low risk |
| 1 | = | Very low risk |

| Criteria | Cobham Drive Park | Westpac Stadium concourse |
|---|--------------------------|----------------------------------|
| • Risk of cost escalation | 3 | 5 |
| • Risk of construction timeframe increasing | 3 | 5 |
| • Potential interruption to adjacent facilities during construction | 2 | 5 |
| • Construction complexity | 3 | 5 |
| Total points | 11 | 20 |

Cobham Drive Park poses significantly less construction risk than the Westpac Stadium concourse site. Therefore it is proposed to build the Indoor Community Sports Centre on the Cobham Drive Park site.

In summary, the site at Cobham Drive Park has a lower construction cost than for the Westpac Stadium concourse site, is fit for purpose with sufficient land area for building, car parking and future expansion. It has close proximity to many schools and high visibility. The main disadvantages are that it is not as central to the City and region as the Westpac Stadium site and there is a loss of open space amenity.

There is sufficient land (2.9 hectares) available at Cobham Drive Park to enable additional courts to be constructed in the future - up to 12 courts in total could be built on the site.

Existing users of Cobham Drive Park include a number of sports codes, including rugby, soccer and cricket and is also used by several schools. A range of Council grounds have been identified where existing user groups can be relocated. Council officers will continue to work with the affected parties to minimise impact.

5.3 Utilisation

The development of an 8 court facility will provide sufficient courts to meet the needs of indoor sports codes most of the time. A facility development of less than 8 courts would be insufficient for the sports codes and would limit the ability to host tournaments.

It is estimated that 30,000 to 40,000 people per year would use the facility (based on information from the sporting groups). This would equate to about 200,000 to 300,000 visits per year. Wellington residents would be the major users of the facility and the number of players for each of the three anchor sports groups is noted in Appendix 3. Appendix 4 notes participation in the three sporting codes by ethnicity.

There will be periods in April to September that the facility will not be able to meet peak demand - however, this is also the case with other sport facilities in Wellington City (e.g. swimming pools).

The proposal is based on three “anchor” sports groups – netball, basketball and volleyball – that will be the significant users of the facility and they have indicated that for most of the year the centre will be fully utilised after 4pm Monday to Friday and will also be used through the weekend.

The traditional off-peak use time for indoor sport facilities is before 3pm Monday to Friday during school term time. School use of the facility during those times would increase utilisation of the facility. There are a larger number of schools and students close to the Cobham Drive Park site compared to the Westpac Stadium site (see table below). A high percentage of schools (surveyed in October 2005) within a 5km radius of Cobham Drive Park indicated that they would use a community sport centre in the Rongotai/Kilbirnie area.

| | Cobham Drive Park | Westpac Stadium Concourse |
|---|--------------------------|----------------------------------|
| No. of schools & students within 2km radius | 14 (4,620 students) | 9 (3,288 students) |
| No. of schools & students within 5km radius | 40 (13,968 students) | 21 (8,034 students) |
| Average decile of schools | 6.3 | 8.1 |

In addition:

- 88% of schools surveyed in October 2005 indicated that they would use a community sport centre in Rongotai/Kilbirnie
- 67% schools surveyed in October 2005 indicated that they would use a community sport centre at the Westpac Stadium site (the main reason for this lower figure was because a number of schools in this area already had good sport facilities)
- Primary schools within walking distance (less than 2km) would be keen to use an community sport centre during the day especially if equipment is provided
- The main barrier for schools out of the 2km zone is the cost of transport, not simply the venue cost.

Thirteen other sports in addition to the anchor sports have indicated a strong interest in using the facility (including inline hockey, badminton and table tennis).

Netball Wellington Region (the regional body responsible for the promotion and development of netball in the Wellington Region) is supportive of the need for a large indoor sport facility and has indicated an interest in the potential to host tournaments in Wellington. National tournaments have not been played in Wellington for some time

because of the lack of available indoor courts. National tournaments require access to 4 courts and for age group tournaments, 6 – 7 courts.

In addition to the “anchor sports”, College Sport will also be a significant user of the facility. College Sport is an organisation that co-ordinates sports leagues and tournaments for secondary schools.

5.4 Commercial / Funding Opportunities

5.4.1 External funding sources

Working Group members have approached a number of external organisations in relation to funding and it seems that currently there are few funding opportunities. One gaming trust has indicated that it is likely to make a lump sum grant of \$200,000 to \$300,000 for the project.

Council has been approached by a potential naming-rights sponsor. However, the company was not prepared to commit until funding approval and resource consent have been obtained. It is recommended that once funding/consent is approved that a professional sponsorship expert is engaged to pursue naming rights.

The sports codes are not in a financial position to contribute to the facility other than the funding of equipment.

Council officers have considered the possibility of a development contribution and this will be explored further during the 2006/07 financial year as part of the activity and funding reviews.

5.4.2 Sale of land

There is a piece of land at the northern end of the park of approximately 5,800 square metres which is not required for the facility and is under-utilised. That piece of land has been valued at \$4 million. It is proposed to sell the land for commercial use after a concept design has been agreed (possibly at the beginning of 2007).

5.5 Financial Implications

The table below identifies the projected operational costs (opex) for either an 8 or 12 court facility at Cobham Drive Park. Costs for a 12 court facility are provided to illustrate the additional costs that would be incurred for a 12 court facility. It is noted that the proposal allows for expansion to a 12 court facility in the future.

5.5.1 Opex Costs

| 8 Court Facility | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | ... | Total over 60 years | Annual Average |
|-----------------------------------|--------------|--------------|--------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----|---------------------|----------------|
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | | \$000 | \$000 |
| Income | 0 | 0 | 0 | 0 | 466 | 466 | 466 | 466 | 466 | 466 | | 27,960 | 466 |
| Expenditure | 0 | 0 | 0 | 0 | 902 | 902 | 902 | 902 | 902 | 902 | | 54,138 | 902 |
| Net Operating Expenditure | 0 | 0 | 0 | 0 | (436) | (436) | (436) | (436) | (436) | (436) | | (26,178) | (436) |
| Interest and Depreciation (Total) | 116 | 253 | 579 | 1,527 | 3,053 | 3,043 | 2,983 | 2,922 | 2,862 | 2,802 | | 90,047 | 1,407 |
| Net Surplus/(Deficit) | (116) | (253) | (579) | (1,527) | (3,489) | (3,479) | (3,419) | (3,359) | (3,298) | (3,238) | | (116,225) | (1,843) |
| | | | | | | | | | | | | | |
| 12 Court Facility | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | ... | Total over 60 years | Annual Average |
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | | \$000 | \$000 |
| Income | 0 | 0 | 0 | 0 | 580 | 580 | 580 | 580 | 580 | 580 | | 34,800 | 580 |
| Expenditure | 0 | 0 | 0 | 0 | 1,038 | 1,038 | 1,038 | 1,038 | 1,038 | 1,038 | | 62,286 | 1,038 |
| Net Operating Expenditure | 0 | 0 | 0 | 0 | (458) | (458) | (458) | (458) | (458) | (458) | | (27,486) | (458) |
| Interest and Depreciation (Total) | 116 | 261 | 714 | 2,030 | 4,148 | 4,135 | 4,051 | 3,968 | 3,884 | 3,800 | | 119,297 | 1,864 |
| Net Surplus/(Deficit) | (116) | (261) | (714) | (2,030) | (4,606) | (4,593) | (4,510) | (4,426) | (4,342) | (4,258) | | (146,783) | (2,322) |

5.5.2 Capex costs

The table below identifies the projected capital/construction cost (capex) for either an 8 or 12 court facility at Cobham Drive Park.

| 8 Court Facility | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | ... | Total over 60 years |
|------------------------------------|--------------|------------|--------------|---------------|--------------|----------|----------|----------|----------|----------|----------|---------------------|
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Construction Cost (Incl Prof Fees) | 0 | 582 | 8,735 | 18,344 | 1,456 | 0 | 0 | 0 | 0 | 0 | 0 | 29,118 |
| Land (Cobham Park Purchase) | 3,325 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,325 |
| TOTAL | 3,325 | 582 | 8,735 | 18,344 | 1,456 | 0 | 0 | 0 | 0 | 0 | 0 | 32,443 |

| 12 Court Facility | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | ... | Total over 60 years |
|------------------------------------|--------------|------------|---------------|---------------|--------------|----------|----------|----------|----------|----------|----------|---------------------|
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Construction Cost (Incl Prof Fees) | 0 | 809 | 12,130 | 25,473 | 2,022 | 0 | 0 | 0 | 0 | 0 | 0 | 40,434 |
| Land (Cobham Park Purchase) | 3,325 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,325 |
| TOTAL | 3,325 | 809 | 12,130 | 25,473 | 2,022 | 0 | 0 | 0 | 0 | 0 | 0 | 43,759 |

Notes to above opex and capex projections

1. No inflationary adjustments have been made to income and expenditure.
2. The interest rate applied to the borrowings is 7% per annum
3. Depreciation is based on the Capex costs provided by QS of concept drawings, inflated by 15% to account for cost of construction changes
4. Income of \$150k per annum has been factored in for external sponsorship/naming rights.
5. Construction costs are based on QS from concept drawings inflated by 15% to account for cost of construction changes since QS completed.
6. No renewal upgrade capex has been factored into the total project cost

5.5.3 Indoor Community Sports Centre Funding Options

Should the Council decide to proceed with this investment, it needs to decide how to fund the Indoor Community Sports Centre investment.

There are a number of funding options available to the Council and once Council decides on these the actual cost to ratepayers may differ from the financial costs detailed above.

Council will need to consider the funding options available to them and agree on their preferred option prior to construction of this facility.

The normal funding source for new Capex in the LTCCP is through Borrowings which is how the financial tables above are modelled over a 60 year period (average useful life of approximately 44) with interest factored in at 7% per annum. This is further explained in Option 1 below:

Option 1 – Construction 100% Borrowings Funded / Operational Costs 100% Rate Funded

Under this option, the capex costs for constructing the stadium would be entirely funded by borrowings in accordance with the above Capex financial tables. In the event that the Council elects to place restrictions on the level of new borrowings each year, then this restriction may need to be modified to allow for the funding of the construction through borrowings.

In this option, all net operational costs (including depreciation and interest) would be rates funded at the levels detailed in the Opex financial tables above. The depreciation is assumed to repay borrowings over 60 years which correlates to the useful life of the asset.

Council may elect to repay the borrowings through rate-funded depreciation over a shorter or longer term than the assets useful life. Accelerating the rate funding of depreciation would repay the debt sooner and therefore reduce the interest and operational costs of the facility over the life of the project. Conversely, spreading the debt repayment over a longer timeframe will mean higher the interest costs over the life of the project.

Option 2 – Construction 25% Uniform Targeted Rate and 75% Borrowings Funded / Operational Costs 100% Rate Funded

Under this option, the Council could agree to a uniform targeted rate over a period of say three years (or as otherwise agreed) to raise a portion of the funds required for construction of the facility.

This would reduce the level of borrowings required for the project, but this would only be achieved by passing a share of the capex cost on to ratepayers in the first three years of construction. Interest costs for the project would reduce as a result of the reduced borrowings.

Depreciation on the asset would still remain at the full cost of construction unless Council elected to non-fund depreciation to the extent of the targeted rate.

A 25% uniform targeted rate over three years would equate to \$7,280k or \$2,427k per annum, or approximately \$35 per ratepayer per annum (approximately \$37 per residential ratepayer per annum if applied to that sector only). This targeted rate would cease after three years.

Under this option it is likely that Council will still need to address the Borrowings restriction level. To avoid this issue the uniform targeted rate would need to be higher than suggested to have a significant impact on the Borrowings restriction level.

Option 3 – Adding an external funding element to the Construction funding to either Option 1 or 2 above

Under this option, the Council could agree to either Option 1 or 2 above and in addition agree to an external funding target to further offset borrowings. This external income could be in the form of fundraising or the sale of other Council investments.

The impact of an external funding target is to reduce the level of borrowings and therefore the level of interest over the life of the project.

Depreciation on the asset would still remain at the full cost of construction unless Council elected to non-fund depreciation or not renew the asset at the end of its useful life.

Option 4 – External Private Financing

Under this option, the Council would put a project proposal to the private sector to find a suitable partner who would finance, construct and/or operate the facility for a period of time under a project structure that would be acceptable to Council. After that time period the asset is transferred to the Council.

Under this option, Council would effectively pay a risk adjusted cost of capital to the private partner which should be the same as our cost of borrowings where risk has been assessed equally by the two parties. This risk “margin” reflects the shift in risk from Council to the private partner.

By going to the private sector, Council will get a clear assessment of the risks of the project (operational, construction, patronage etc) through the risk margin applied to the private partner’s cost of capital.

5.6 Risks

Construction Costs

If construction of a community sport centre was approved as part of the Long Term Council Community Plan construction would not be expected to commence until late 2007 (subject to tendering and resource consent processes).

Construction costs and building activity has increased significantly in the last five years. The current estimated \$25.32M construction cost is expected to increase by the proposed construction period in late 2007. It is also noted that the construction cost is

based on a concept design developed in November 2005 and that this design is likely to change. It is considered prudent to budget for a 15% increase in the estimated construction cost, therefore a capital figure of \$29,118,000 has been allowed for in financial projections.

Resource Consent Process/Consultation

The project may require notified resource consent and this process always has uncertainties. However, it is noted that the “suburban centre zoning” is favourable for a development of this scale and nature.

5.7 Consultation

The Local Government Act 2002 requires that if the Council is making a decision to commence a significant activity or construct a strategic asset it must be explicitly included in the Long Term Council Community Plan (LTCCP). It is officer’s advice that this project constitutes a significant activity and the proposed facility would be a strategic asset. If the Strategy and Policy Committee agrees, officers will prepare a Statement of Proposal for the Community Sport Centre for inclusion in the draft 2006/07 LTCCP. That Statement of Proposal will be presented to Council for agreement on 8 March. Following consultation Council will be asked to decide whether to proceed with the proposal as part of the decisions on the final LTCCP.

5.8 Project Timeframe

If Council agrees to include this proposal in the draft LTCCP for consultation, detailed design work could commence in June 2006 with a view to commencing construction at the end of 2007. The timeline would be:

| | |
|----------------------------|--|
| March – June 2006 | Draft LTCCP process and Public Consultation |
| July 2006 – December 2007 | Detailed design, regulatory consent process, contract documentation and construction tendering |
| December 2007 – March 2009 | Construction. |

6. Conclusion

This paper proposes that the Council agrees to include in the draft 2006/07 LTCCP a statement of proposal to build an eight court indoor sports facility on Cobham Drive Park. The development of an 8 court facility would provide sufficient courts to meet the needs of indoor sports codes most of the time.

Contact Officer: *Glenn McGovern, Recreation Projects Manager.*

Supporting Information

1) Strategic Fit / Strategic Outcome

The aims of the proposal are consistent with the following long-term outcomes of the Draft Social and Recreation Strategy:

6.1 More liveable – Wellington will be a great place to live, work and play, offering a stimulating and high quality range of community amenities and services.

6.3 More actively engaged – Wellington residents will be actively engaged in their communities, and in recreation and leisure activities.

6.4 Better connected – Wellington will offer excellent access to a sound social infrastructure that supports high levels of social cohesion.

6.5 Healthier – Wellington’s population will enjoy a healthy lifestyle and high standards of public health.

2) LTCCP/Annual Plan reference and long term financial impact

See financial implications section

3) Treaty of Waitangi considerations

Not applicable

4) Decision-Making

This is a significant decision and will be consulted upon within the draft LTCCP.

5) Consultation

The project will be consulted upon using the special consultative procedure

6) Legal Implications

Council’s lawyers have been consulted during the development of this report.

7) Consistency with existing policy

This report is consistent with existing policy

Comparison with Other New Zealand Cities

In the national context, demand for indoor sport space is increasing as sport participants at all levels seek greater levels of comfort, more user-friendly surfaces and reliability without interruption caused by the weather. All of the new facilities have reported significant growth in participation for each sport since opening.

Wellington is missing out on hosting many indoor sports tournaments because of the lack of and quality of indoor sport facilities.

Community sport centre developments recently developed or planned

- **Auckland City** (Vector Arena). Construction is underway on this \$80 million arena. The facility will have 3 basketball courts and 12,000 seats and has an entertainment focus. Completion is due in 2006. Auckland City Council is funding \$68M. The balance is coming from a private company (QPAM). The arena development is the first example of a BOOT (Build Own Operate Transfer) arrangement for this type of facility in New Zealand. Under the BOOT scheme, the Council has a partnership with Quay Park Arena Management Limited (QPAM), to build, own, operate and maintain the facility over a 40-year rights period. At the end of 40 years, ownership of the arena will transfer to the council at no further cost to ratepayers and in good working order.
- **Waitakere City** (“Trusts Stadium”): This \$28million facility, 6 court facility opened in 2004. It is noted that the cost included the development of 3 playing fields and an athletic track.
- **Manukau City** (“TelstraClear Pacific”) This \$48M facility opened in April 2005. The facility is a culture and sports complex and has 3 sport courts.
- **Hamilton** is proposing to build a 5000 seat indoor sports stadium in Claudelands.
- **Tauranga** is considering development of a 12 court indoor stadium. Their largest existing facility has 4 courts.
- **Napier (Pettigrew Green Arena)**. This 3 court (\$10million) facility opened in 2003.
- **Palmerston North** (Arena Manawatu) has recently completed re-development works and now has 12 full sized courts, plus an international inline hockey rink.
- **Porirua Sports & Events Centre**: Porirua City Council is proposing to construct a 4 court sport and event centre. The estimated cost of the facility is \$13M including professional fees (as at May 2005). The facility would include 4 full-size courts, 2000 seats, a fitness centre, a multi-purpose studio, two meeting rooms, and a small lecture theatre.
- **Nelson**: Nelson City Council and Tasman District Council are presently considering the development of 4 court indoor facility for netball.
- **Blenheim** (Anchor Stadium) - this 3 court facility opened in 2000.
- **Christchurch**: Is being lobbied by Netball for an indoor sport centre.
- **Dunedin** (Edgar Centre) recently added 3 courts, a 3000 seat spectator area, and upgraded 2 existing courts. The facility now has 21 indoor courts. The complex first opened in 1995 and is the largest indoor sports stadium in New Zealand.
- **Southland** has a 7 court community sport centre that opened in March 2000. Work is near completion on a 4 court extension that will bring their capacity to 11 courts.

Participation and Membership of Anchor Groups

The three proposed anchor users of the community sport centre - netball, basketball and volleyball have substantial participation numbers. Membership/participation figures in 2005 were:

Netball

- Club teams 87 teams
- College teams 170 teams
- Motu Kairangi 275 teams
(primary school aged competition)
- Umpires 42
- Coaches, team managers & administrators 300-400

The total number of registered netball players in Wellington City in 2005 was estimated to be 6,000.

In the greater Wellington Region which also includes Kapi Mana, Kapiti and Hutt Valley, there are approximately 16,000 registered netball players. There are probably close to 1,000 additional volunteers.

Basketball

- Inter-City league 28 teams
- Mid week league 70 teams
- School College league 36 teams
- School Intermediate league 10 teams
- 3 tournaments involving 47 teams

Note: there are 7-10 players in each team.

In addition to the above leagues/tournaments the WBA also runs training, holiday programmes, elite competitions, and player development programmes.

The total number of Wellington Basketball Association (WBA) affiliated members in Wellington City in 2005 was 3,156.

Volleyball

There are presently 13 Clubs in Wellington with 260 – 300 representative players affiliated to the Wellington Volleyball Association.

100 teams (= 1000 players) take part in the Capital City Corporate league. This is a privately run league, however Wellington Volleyball is keen for this league to become affiliated to its Association. It is noted that 15 school teams (= 150 players) took part in the recent Wellington Cup.

Wellington Volleyball estimates that in 2005 there were 1,800 volleyball players in the Wellington Region.

APPENDIX 4

Participation by Ethnicity

The table below highlights the high participation rates by different ethnic groups for indoor sports in New Zealand. These figures were compiled by SPARC (Sport and Recreation New Zealand) from the New Zealand Sport and Physical Activity surveys 1997-2001.

The results identify the high participation rates in netball, basketball, and volleyball among the different ethnic groups.

| Ethnic Group | Sport | Ranking (i.e. most popular sports participated in) | % participating | NZ Average |
|-----------------------------------|--------------|---|------------------------|-------------------|
| <u>NZ European</u> | | | | |
| Boys under 18 years | Basketball | 4 | 10% | |
| Girls under 18 years | Netball | 1 | 17% | |
| Adult women | Basketball | 4 | 8% | |
| | Netball | 3 | 8% | 10% |
| <u>Maori</u> | | | | |
| Boys under 18 years | Basketball | 5 | 11% | |
| Girls under 18 years | Netball | 1 | 23% | |
| | Basketball | 5 | 9% | |
| Adult women | Netball | 1 | 23% | 10% |
| | Basketball | 3 | 9% | 4% |
| Adult men | Basketball | 5 | 17% | 8% |
| <u>Pacific Island</u> | | | | |
| Boys under 18 years | Basketball | 4 | 18% | |
| Girls under 18 years | Netball | 2 | 13% | |
| Adult women | Volleyball | 1 | 24% | 3% |
| | Netball | 2 | 20% | 10% |
| | Basketball | 4 | 15% | 4% |
| Adult men | Volleyball | 2 | 31% | 5% |
| <u>Other Ethnic Groups</u> | | | | |
| Boys under 18 years | Basketball | 4 | 17% | |
| Girls under 18 years | Netball | 3 | 16% | |
| Adult women | Badminton | 1 | 16% | 4% |
| | Basketball | 4 | 6% | 4% |
| | Netball | 5 | 5% | 10% |
| Adult men | Badminton | 4 | 16% | 4% |
| | Basketball | 5 | 15% | 8% |