

2. QEII CAPITAL SPENDING REVIEW

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The purpose of this report is to advise the Committee of the outcome of the review of the proposed capital spending at QEII Park.

BACKGROUND

The Council, at its Annual Plan meeting on 8 April, resolved that the forward Capital Works Programme for QEII Park be reviewed.

In preparing its draft capital programme the Leisure Unit had bid to bring forward some of the expenditure allocated for construction of a new facility to provide funding for a variety of initiatives at QEII Park. The funding sought was \$2.1m, to be allocated over three financial years starting in 2002/03. In addition the Leisure Unit had suggested that funding allocated to the Canterbury Cricket Association at the rate of \$100,000 per year could be re-allocated to Village Green improvements, with the support of the Canterbury Cricket Association.

CAPITAL SPENDING PROPOSALS

The proposals for capital spending fall into three broad categories:

- Asset management renewals (replace HVAC and main stadium ceiling - \$880,000 2004/05)
- Village Green related improvements
- General facility improvements

It is noted that the bid for spending on the Village Green is in excess of the \$500,000 being made available over the five years (at the rate of \$100,000 per year). It is understood that there is \$300,000 available for allocation in the 2002/03 year but the bid is for \$460,000. It is suggested that the funding bid for 2002/03 should match the funding available for the Village Green project and that \$100,000 should be deferred to 2004/05 and \$60,000 to 2005/06.

The capital bid, with details for each item, is set out in the attached paper from Alan Direen, Facility Manager for QEII Park.

PLANNING

QEII Park does not currently have an Asset Management Plan in place and this has led to previously well-detailed and discussed problems as the building has aged. Part of the review of the Property Unit has been focused on ensuring that there is a highly capable asset planning team in place for the Council's wide variety of building assets. It is intended that this team, the Property Asset Management Team, take over responsibility for asset management planning for all the leisure facilities. As part of this process Asset Management Plans will be created that set out for Council approval the level of service to be provided at each facility and safeguard the long-term condition of the asset through appropriate asset management practices. Until the Council has a comprehensive Asset Management Plan in place for QEII Park it is likely to face one-off bids for funding of renewals and replacements such as the Dive and Training Pool HVAC system and the main stadium ceiling.

An Asset Management Plan will also set out the development needs of the facility into the future. At the moment the Council is faced in this capital spending bid with ad hoc bids that in their own right may have merit but cannot be understood in terms of priority without an overall plan to guide the decision-making. There is no doubt that QEII Park is a complex multi-faceted facility that will require an ongoing spending effort. It is imperative that this discretionary spending is provided with some kind of framework such as will be provided by an Asset Management Plan.

This logic can also be applied to consideration of spending bids across all the facilities. The Council needs confidence that each of the bids is based on solid planning for each facility and that the overall bid meets the Council's sport and leisure strategic direction.

CONCLUSIONS

The capital funding bid for QEII Park has come from 'raiding' capital funds set aside in future years for development of a new facility. It is understood that a separate report is being prepared that considers options for capital spending at a number of facilities including the need for the new facility. It would seem inappropriate to consider one-off discretionary funding bids for QEII Park outside the overall process and without an agreed Asset Management Plan being in place.

The spending on renewals and replacements is supported as these have strong grounds for continuing and are likely to lead to increased costs for the Council if not undertaken as planned. Similarly the spending on the Village Green is also supported given the support of the Canterbury Cricket Association and the use of the five year funding stream as long as this is retained within the available funds.

The capital expenditure programme would therefore be:

2002/03	
Village Green	\$300,000
2003/04	
Village Green	\$100,000
2004/05	
Village Green	\$100,000
HVAC Replacement	\$650,000
Main Stadium Ceiling Renewal	\$230,000

Remainder of \$1,255,000 to be returned to new facility development.

Staff

Recommendation: That the Committee recommend to the Annual Plan Subcommittee:

1. That the Council give priority to the implementation of an Asset Management Plan for QEII Park.
2. That the revised capital expenditure programme, as set out above, be adopted with \$1,255,000 being returned to the budget for new facility development.
3. That the Community and Leisure Committee review the funding bid for discretionary capital items for QEII Park in conjunction with its report on general facility spending needs.

Chairperson's

Recommendation: That the above recommendation be adopted.