

7. DENTON OVAL

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The purpose of this report is to seek the Board's recommendation to the Community and Leisure Committee regarding the continued management of Denton Oval.

CONTEXT OF THE REPORT

Denton Oval is held by the Council as a recreation reserve subject to the provisions of the Reserves Act 1977. The Board has delegated authority from Council to grant leases under Section 54 of this Act with the prior consent of the Minister of Conservation. As Denton Oval also provides sports facilities for the metropolitan area (cycling) it is considered appropriate that the Board make a recommendation to the Community and Leisure Committee as the standing committee having under its delegated authority, Council stadia policy and monitoring.

BACKGROUND

The Council in 1993 granted a lease to the Hornby Rugby Football Club (HRFC) as from 1 January 1994 for term of five years with one right of renewal for a further term of five years to manage the Denton Oval complex. The lease finally expired on 31 December 2003 and HRFC has indicated that it would like to take a further lease which, if approved, would need to be publicly notified as required by the Reserves Act 1977. The renewal clause in the lease stated that "beyond that period (i.e. after 31 December 2003) the parties may agree to include provisions for further terms as negotiated subject to such conditions as agreed". Under the expired lease the HRFC has managed the use of the Oval, grandstand/amenities building which includes security, cleaning, internal maintenance, bookings, promotion, enquires etc. The lease to HRFC was initially set up recognising that the Club could more readily deal with the administration of the Oval because it was at their "back door" and that the Club was in a better position to promote the venue for rugby and lift the profile of the game in the area. The annual rental was set at a nominal amount of \$1.00 on the basis that the Council was providing a community facility avoiding unnecessary operational costs other than overheads and managed by the Club for less cost than it was possible for the Council to run the complex. The Council however, retained responsibility for major maintenance and capital items such as the cycle track, roof replacement or similar. Provision was made for Council to negotiate use in the event of a major cycling event and the protection of track cycling and the Hornby Cycling Club which holds a separate lease for its clubrooms inside the complex.

DESCRIPTION OF DENTON OVAL

The majority of Denton Park, including the Oval described as RS 41304, was formally vested as recreation reserve in the former Paparua County Council in 1981, the land having been previously purchased by the Crown from Stanley David Denton in 1954. The balance of the Park, Lot 77 DP 27454 was acquired on reserve contribution and is held by Council in a separate title also as recreation reserve.

The Oval comprises a concrete cycling track, one rugby field and the grandstand building constructed in 1974. The Oval is fenced with a mixture of paling and iron. The complex has no facility for functions, conferences or the like. Adjoining the grandstand are the self-contained clubrooms of the Hornby Cycling Club which are leased under a separate agreement until 2024. This Club caters for road cycling and does not use the Oval cycling track.

ISSUES/CONSIDERATIONS

- The venue is not ideally situated and is adversely affected by prevailing winds making it less attractive for patronage-competitors and spectators
- The age and condition of the grandstand building
- Limitations on hire usage
- Operational costs and limited revenue potential
- Maximising recreational/community use and control of that use in a safe and supervised way
- Reserve status of land
- Security
- Operational responsibilities

CURRENT USE

Rugby: both training and games from mid March to end of August. The ground is used locally including the Ellesmere Sub Union and as an alternative venue for 3rd Division NPC and town versus country (Rangiora).

Cycling: Canterbury Track cycling. The venue is restricted to local use as it does not meet the requirements for national/international events.

Touch Rugby: from October to February, which can sometimes conflict with cycling use.

Occasional use: Marching, Canterbury Rugby League.

OPTIONS FOR MANAGEMENT

- 1 Request for Proposals ("RFP")
- 2 Return to Council management
- 3 New lease to Hornby Rugby Football Club

Option 1

This involves setting out in a document the parameters by which the Council offers the facility for management either as a lease or management contract and inviting persons or organisations to put forward a proposal (including financial consideration) under the terms and conditions offered. The RFP is not a tender but it is expected that a formal contract would result. It is not known what interest (other than the existing users) would come forward but it is considered taking on this role may not be that attractive considering the location and limited use to which the facility can be put.

Option 2

A return to Council management would have budget implications with the cost of operating the facility falling directly on Council. When Council last operated Denton Park in the early 1990's the net operating costs were in the order of \$27,225 per annum; these costs falling to about \$2,000 per annum following leasing of the facility. Revenue opportunities are minimal as the venue has no enclosed hire or conference facility and only concessional rentals could be expected from the two major users, rugby and cycling.

Option 3

To continue with the existing management arrangement in the medium term by a new lease to HRFC with greater clarity as to capital and operational responsibility. This option requires that a new lease be publicly notified calling for submissions and/or objections. This arrangement has suited all parties although there is a need for better communication between rugby and cycling on matters of maintenance/cleaning responsibility between summer and winter months. The main costs per annum covered by the lease (if labour is taken into account) is estimated to be between \$15,000 and \$18,000 and take in caretaking (\$5,000-\$7,500), cleaning materials (\$1,500), on-call security (\$5,000) and power (\$4,000). The facility would have to generate \$300-350 a week to cover these costs. This option is more cost effective than option 2.

Consultation

A site meeting has been held with HRFC and Canterbury Track Cycling. Both parties are in agreement that Denton Oval could continue to be managed under lease by rugby. The lease needs however to be clearer on each party's responsibilities, including Council's obligations, and it was suggested and agreed in principle that while rugby could take the head lease, cycling would formally sub-lease the facility during the months September to March (rather than by hire agreement) which would mean that cycling would take on full responsibility for the day-to-day operational matters during this period. Both parties would get together to resolve matters of storage, itinerary of use, hire charges and the appointment of a caretaker. Cycling have in the past undertaken feasibility studies

on the establishment of a new wooden velodrome to be able to cater for national events, but accept that in the foreseeable future, they will have to make do with the Denton Park facility.

Terms and conditions of a new lease-option 3

The main terms and conditions proposed for the new lease are:

- (a) Term: Five years with one right of renewal for a further term of five years
- (b) Rent: \$1.00 per annum. This is a special case as it is not realistic for Council to expect a revenue stream while avoiding the operational costs of Denton Park. This rental to be reviewed at three-yearly periods having regard to accounts.
- (c) Assignment: No right of assignment provided however the lease to contain the right to sub-lease the facility on terms approved by Council to Cycling NZ Canterbury Centre (parent body of Canterbury Track Cycling) for the period mid March to August and that provision be made in the lease to as much as reasonably possible make the property available for hire for general community use.
- (d) Advertising: The right to exhibit signs internally and retain revenue with prior consent of Council. Naming rights shall remain the prerogative of Council.
- (e) Outgoings and Costs: Lessee to meet all outgoings except Local Body rates and fire insurance. Each party to meet their own legal fees if any.
- (f) Entry fees/admission charges to be endorsed by Council
- (g) Operational/maintenance:

Lessee

- All booking enquiries and hire arrangements
- Security
- All ground maintenance including mowing graffiti removal and cycle track cleaning
- Internal maintenance (except structural) including painting, electrical fittings light bulb and glass replacement
- Internal cleaning of showers, toilets and provisioning of all associated materials
- Replacement and/or repair of minor plumbing fittings
- Unblocking drains

Council (major capital items)

- Cycle track maintenance
- Fencing
- Utility service repair or renewal
- External maintenance/painting and structural, including the roof
(**Note** a new roof has been installed in the last year and the exterior of the building has been painted twice in the last five years)
- External Lighting

Note work is planned by Council for grandstand seat painting, a new entrance layout, some fencing and new internal lighting in the grandstand.

Financial Implications

There would only be financial implications for Council of any significance if the management of the complex was to be taken back – option 2. Figures supplied by HRFC for 2003 record that the Club incurred an actual loss of \$3,597 after expenses of \$5,597. The only income came from cycling -\$2,000. If labour was to be taken into account the Club estimates that the loss for that year would have been about \$8,600. While these figures are not large it does illustrate that Denton Oval can be operated more cost effectively on a voluntary labour basis.

CONCLUDING REMARKS

Option 3 is supported in view that the major users wish to continue with this arrangement and from a Council perspective, this is the most cost effective way of operating the Denton Park facility for the short to medium term. This is so because most operating costs incurred by the Club can be mitigated through non paid voluntary labour. It would seem there is little demand for alternative uses for the park and the facility offers limited appeal for competitive interest in its management. Even in the event of some other party showing major interest in the use of this facility, Council would be required to continue to provide access for track cycling as they have no other venue. The public will have a say in this matter through the lease notification.

Staff

Recommendation: That the Board recommend to the Community and Leisure Committee that:

1. Subject to recommendation 2, the Community and Leisure Committee authorise the Facility Assets Manager, in consultation with the Community and Recreation Manager, to enter into a new lease with the Hornby Rugby Football Club for the operational management of Denton Oval for a maximum term of ten years including renewals on the terms and conditions outlined in this report.
2. The lease be publicly notified as required by Section 54 of the Reserves Act 1977 and the consent of the Minister of Conservation obtained.
3. The Facility Assets Manager be authorised to fully administer the terms and conditions of the new lease, including any Council consent required under a-g above.

Chairman's

Recommendation: That the officer's recommendation be adopted.