


6. PURCHASE AND UPGRADE OF FORMER SUBURBS RUGBY CLUB CHANGING ROOMS - HOON HAY PARK



General Manager responsible:	General Manager City Environment
Officer responsible:	Business Relations Team Manager
Author:	John Allen, Policy and Leasing Administrator, DDI 941-8699

PURPOSE OF REPORT

1. The purpose of this report is to recommend to the Council that it signs an agreement prepared by Council officers and the trustees of the Church of Christchurch enabling it to take ownership of the former Suburbs Rugby Club changing rooms at Hoon Hay Park for the sum of \$1.

EXECUTIVE SUMMARY

2. Suburbs Rugby Club did not protect its interest in its former changing rooms (four) that are located partially on Hoon Hay Park when it sold the premises a number of years ago.
3. There is a requirement for two larger changing rooms on the park to enable the Suburbs Rugby Club, which are now in the senior division, to host senior games at Hoon Hay Park, its home park.
4. An opportunity exists for the Council to provide the necessary changing rooms by buying the former Suburbs Rugby Club changing rooms from the Church of Christchurch for \$1, and spending \$56,000 refurbishing the building, thereby providing two additional large changing rooms for the park, enabling senior rugby games to be hosted at the park. This cost includes refurbishment of the toilets within the building. The cost of building two new large changing rooms onto the existing pavilion has been estimated at \$130,000 excluding GST.
5. The other two changing rooms in the complex will be leased to the Church of Christchurch for recreation purposes.
6. The Council will lease to the Church of Christchurch the land that two of the changing rooms, and associated passageway are situated on for 20 years at a non reviewable rent of \$1 per year, with the right of renewal of the lease for a further 13 years exercisable at the Council's option. If the Council exercises this option then the lease to the Church of Christchurch will be renewed for a similar period.
7. The former Suburbs Rugby Club changing rooms are built across the property boundary between the Church's land and Hoon Hay Park. Because there is no firewall in the building between the two properties, there is a caveat (no 177655.1) on the Church's title requiring the owner of that property to remove the changing rooms if they are no longer used for that purpose. The agreement provided that the Council will be responsible for paying the cost of removing the building once it has finished using it. It has been estimated that it will cost approximately \$19,000 (2005 quotation) to remove the changing rooms and passageway, and restore the site.
8. Officers have presented three options to address the changing room need at Hoon Hay Park, including maintaining the status quo. Officers are recommending that the Council agrees to sign a contract to take ownership of the former Suburbs Rugby Club Changing Rooms.

FINANCIAL AND LEGAL CONSIDERATIONS

9. Money is available in the 2004/05/06 budget to undertake the upgrading of the former Suburbs Rugby Club changing facility at Hoon Hay Park, estimated to cost \$56,000 thereby addressing the Suburbs Rugby Club's pressing need for further changing rooms at the park as soon as possible so that senior games can be played there.
10. There will be annual costs that the Council will need to budget for to keep the building in good order. The estimates set out below are approximate.

Depreciation (2% of the buildings value) estimated to be approximately	\$2,000
Routine maintenance, will be undertaken by sports clubs/lessee (toilets not public)	Nil
Annual inspection fee	\$90
Building Insurance	\$300
Electricity	\$800
Building maintenance (cleaning graffiti of building etc)	\$3,000
Total annual cost	\$6,190

This amount will need to be added to future maintenance budgets to maintain the building.

11. It has been estimated that it will cost approximately \$130,000 plus GST to add two large changing rooms of a similar size to the existing ones in the former Suburb Rugby Club's Changing Facility onto the existing Council owned changing rooms at Hoon Hay Park.
12. Hoon Hay Park is made up of two parcels of land, being Lot 572 DP 27578 CT 9K/1497 of 4.4014 hectares and Part RES 4704 DP 682 of 2.5925 hectares, both parcels being vested in the Council as recreation reserve under the Reserves Act 1977. The Council is able to lease land to sports clubs and other parties for recreation purposes, this being the main purpose for which the land is held. There is an understanding between Council and Church officers that the part of Hoon Hay Park on which the portion of the building to be leased to the Church is located will be used for recreation purposes. Informal discussions have been held with officers of the Department of Conservation who under delegated authority from the Minister of Conservation approve any lease granted on a recreation reserve. They have indicated that they are comfortable with what the Council is proposing.

STAFF RECOMMENDATIONS

It is recommended that the Council:

- (a) Agree to enter into an agreement to purchase the former Suburbs Rugby Club Changing Rooms, passageway and toilets, as outlined in the report from the Church of Christchurch for the sum of \$1.
- (b) Endorses the spending of approximately \$56,000, this sum to include a contingency sum of \$3,000, and 7% professional fees, to bring the former changing room building up to standard so that it can be used.
- (c) Agrees to lease approximately 54 square metres of the building denoted as 'A' on the attached plan to the Church of Christchurch for recreation purposes for \$1 per year for an initial term of 20 years. This term may be extended for a further term of 13 years at the same rental at the Council's sole discretion.
- (d) In accordance with Section 54(1)(b) of the Reserves Act 1977 lease approximately 23 square metres of Lot 572 DP 27578 CT 9K/1497 a recreation reserve of 4.4014 hectares, which is part of Hoon Hay Park, held under the Reserves Act 1977, vested in the Christchurch City Council, on which the former clubrooms are located to the Church of Christchurch for recreation purposes (denoted as 'B' on the attached plan), for an initial term of 20 years, subject to the following conditions:
 - (i) public notification of the proposal;
 - (ii) approval of the Minister of Conservation to the granting of the lease;
 - (iii) the Church being responsible for obtaining any resource and building consents required before undertaking any alterations to the area leased to them;
 - (iv) that the Church be responsible for all costs associated with the internal fit-out, and maintenance of the interior of the leased section of the building;
 - (v) the Church is at all times to comply with all statutes and regulations affecting its occupancy;

- (vi) the Church is to be responsible for the cleaning of blocked drains, except where the blockage is caused by the usage of that part of the changing rooms occupied by the Council;
 - (vii) The Church is not to assign, sub-let or part with possession of the part of the changing rooms leased to it;
 - (viii) The Church will keep and maintain a public liability insurance policy during the term of its lease with a minimum cover of \$1,000,000;
 - (ix) The initial term being extended by the Council for a further 13 years at the Council's sole discretion.
- (e) Agree to accept a lease over approximately 73 square metres of the Church's land denoted as 'C' on the attached plan for an initial term of 20 years, for \$1 per year, this term may be extended at the same rental for a further 13 years at the Council's sole discretion.
- (f) Approve an increase in the future Hoon Hay Park maintenance budgets of approximately \$6,200 to allow for the future maintenance of the building.

BACKGROUND

13. The Church of Christchurch now owns the former clubrooms of the Suburbs Rugby Club, which are situated at 99 Mathers Road. The land on which the former rugby clubrooms were built is described as Lots 458 to 461 on Deposit Plan 27578, all contained in Certificate of Titles CV 9F/1229, and 45A/1251, having a total area of 2,443 square metres, and part of Hoon Hay Park.
14. At the time of sale, unknown to the author of this report, the Suburbs Rugby Football Club did not protect the interest it had in the changing rooms which was part of its building on the site.
15. At the time the Suburbs Rugby Football Club built the changing rooms, the Council allowed them to be built across the common boundary of the above-mentioned lots and Hoon Hay Park. There is no fire wall along this boundary, because of which caveat no 177655.1 was registered against the title of the former Suburbs Rugby Club's land now owned by the Church. This caveat requires the owner of that land to demolish the changing rooms should they no longer be used by the Suburbs Rugby Football Club, or for the purpose for which they were built. The attached plan shows the land on which the changing rooms, toilet facility and associated passageway is built in relation to the common boundary between the Church's and Council land.
16. The Church decided that the changing rooms were surplus to its requirements and commenced discussions with the Council with the view to the changing rooms being demolished. Officers were concerned at the loss of these changing rooms from the park, and therefore commenced discussions with the church with a view to acquiring some of the changing rooms to better service the park's sports field needs.
17. The park has six rugby grounds located on it, there being three senior fields, one training field, and two of intermediate size. The Council has an older style changing pavilion situated approximately mid-way along the Mathers Road frontage of the park. This facility contains public toilets, three changing rooms with showers, and a storage room. There are not enough changing rooms in this building to properly service all the sports fields on the park, these changing rooms being smaller in size than required today. Senior rugby now requires changing rooms of a large enough size to accommodate team members, reserves, health professionals, and team officials. The changing rooms in the former Suburbs Rugby Club building are considerably larger in size than the ones located in the Council building and therefore are suitable for teams playing senior games.
18. An agreement has been reached between Council officers and the Church of Christchurch for the retention of the building to enable both parties to use it in the future. The Church has signed this agreement and it now requires the Council's approval, to enable it to be executed on the Council's behalf.

The Agreement

19. The provisions of the draft agreement are set out below:
 - (a) That the Church transfer ownership of the changing rooms (four) including the associated toilets and passageway to the Council for the price of one dollar. The Council agree to lease back to the Church that part of the changing rooms shown on the attached plan as 'A', this being approximately 54 sq ms in area. The parties understand that the church will use this leased area for recreation purposes.
 - (b) The term of the lease is to be for 20 years, the rent payable being \$1 per annum, which is non-reviewable.

- (c) The Council has the right to renew the agreement after this initial period for a further 13 years if it so wishes at the same rent. The rationale behind this option is that the other Council owned changing/toilet facility in Hoon Hay Park was built in the 1950's and therefore is approximately halfway through it's depreciation cycle, at the end of which the Council will need to build new changing facilities on the park. At that time the Council will need to consider what are suitable changing pavilion requirements for the times before building a new facility on the park to cater for all changing room requirements.
- (d) The Church will not assign, sublet or part with possession of that part of the changing rooms leased to it.
- (e) The Church is to lease to the Council approximately 73 square metres of the Church's land on which part of the changing rooms are located for a period of 20 years at a rent of \$1 per annum, which is non-reviewable, the Council having the right after this period to renew the lease for a further 13 years at the same rental. This area is shown on the attached plan as 'C'.
- (f) The parties acknowledge that so long as any part of the changing rooms are located across the common boundary, it will be necessary for caveat no 177655.1 (as mentioned earlier) to remain registered against the title to the Church's land. The agreement states, however, that the Council will consent to the registration of any document that the Church may wish to have registered against the title except where that document may affect the Council's rights under the agreement.
- (g) The Council will forthwith, upon ratification of this agreement:
 - (i) Construct a wall between the part of the changing rooms to be leased by the Church and the remainder of the changing rooms;
 - (ii) Install a separate electricity meter to measure the electricity consumed in the part of the changing rooms used by the Council and to pay for that electricity;
 - (iii) Carry out such work on the flat roof area of the changing rooms as may be necessary to prevent ponding and leaking.
- (h) The agreement states that the parties have agreed not to install a water meter to measure the water use in the part of the changing rooms used by the Council, however, the Church will be entitled to invoice accounts for any excess water usage that it may be charged. The rationale behind this clause is that the changing rooms will use the majority of water in the building, the church not having paid an excess water charge since moving into the building.
- (i) The Council will be responsible for maintaining the exterior of the changing rooms and the interior of that part of the changing rooms that it occupies.
- (j) The Church will be entitled, at its own cost and subject to obtaining all relevant consents, to convert, alter and fit-out that part of the changing rooms to be leased by it to suit its requirements, including the installation of a hand-basin. The Church will notify the Council before carrying out any such work. The Church will be responsible for maintaining that part of the changing rooms to be occupied by it.
- (k) At the expiry of the lease period, or any renewal of the lease, the Council will be responsible at its own cost for the demolition of the changing rooms and the restoration of that part of the Church's land on which the changing room stood to match the adjacent Church land. Once this work has been undertaken, caveat no 177655.1 will be able to be removed from the Church's title. It has been estimated that at today's prices, this work would cost approximately \$19,000.
- (l) In the event of the changing rooms being destroyed or so damaged as to render re-instatement impractical the leases will terminate forthwith, the Council then being responsible for clearing, tidying, and restoring that part of the Church's land on which the changing rooms stood to match the adjacent church land.

- (m) The Council consents to the Church, at its own cost, erecting a security fence on the common boundary between Hoon Hay Park and the Church's land.
- (n) The Council is to be responsible for the payment of the legal costs incurred by the Church in relation to the negotiation and preparation of this agreement.
- (o) The Church agrees that if it should wish to sell the Church's land during the term of the lease, it will bring the existence of this agreement to the notice of prospective purchasers and any buyer will be subject to the terms of this agreement.
- (p) The agreement is subject to ratification by the Council within six weeks of being executed by both parties or such extent of time as the parties may agree, and to the completion of the public notification programme of area 'B', an area of 23 square metres, being the area of Hoon Hay Park being leased to the Church as required by the Reserves Act 1997.

Work Required to Bring the Building up to Standard

20. Although the building is sound, it has been neglected for a number of years, therefore there is a need to undertake the work as detailed below to bring the building up to a serviceable standard:
 - (a) Replace the roof over the passageway which ponds and leaks at an estimated cost of \$15,000 exclusive of GST.
 - (b) Remove the header tank from the roof of the building, because the framework holding the roof and the tank is not sturdy enough to support the weight, and make repairs at an estimated cost of \$2,000.
 - (c) Upgrade the existing showers, alter pipe work, new valves etc at an estimated cost of \$16,000.
 - (d) Undertake general repairs to roof framing, timber louvres, clean walls and fittings etc at an estimated cost of \$6,000.
 - (e) Relocate switchboard and meters, alter wiring, upgrade fittings, isolate electricity, etc at an estimated cost of \$4,000.
 - (f) Internal painting of passage, two changing rooms and toilet area, (not Church's area) at an estimated cost of \$4,200.
 - (g) External painting of walls and louvres etc at an estimated cost of \$2,200.
 - (h) \$3,000 has been allowed as a contingency fee, and an additional 7% for professional fees adding up to a total estimated cost to refurbish the building of approximately \$56,000.
21. It has been estimated that the cost to build two new changing rooms, of similar dimensions to the former Suburbs Rugby Club changing rooms (approximately 70 square metres in area) incorporating eight showers which would be attached to the existing Council owned changing room building fronting Mathers Road would be approximately \$130,000 excluding GST. Therefore the costs of upgrading the present changing rooms to a good standard is under half of the cost to provide a new facility by way of addition to the present Council owned changing sheds.

OPTIONS

Option No 1: Preferred Option. To Buy the Former Suburbs Rugby Club Changing Rooms and Refurbish Them

22. This option enables the Council to provide the required changing facilities relatively quickly at a cost of approximately \$800 per square metre, which also includes another set of toilets on the park for sports team use. This square metre rate is less than half the cost to build two new changing rooms onto the existing Council facility in the park, although if future demolition costs are included in the equation it equates to a little over half the cost to building new changing rooms. Money is available in the 2004/05/06 budgets to enable the refurbishment to be undertaken within a relatively short space of time thereby meeting the requirements necessary for Suburbs Rugby Club to host senior games on its home grounds. This option also allows the Council to re-appraise the changing room requirements when both the existing buildings are near the end of their economic life.

Option No 2: Maintain the Status Quo

23. Officers are of the opinion that maintaining the status quo is not an option because the present needs of the local sporting community will not be met, there being a need now on the park for larger changing facilities to enable senior rugby to be played on the park. These additional changing rooms are also required to enable the winter sports fields on the park to be fully utilised, thereby ensuring that the return on the cost of preparing and maintaining them is maximised.

Option No 3: Add two new Changing Rooms to the Existing Council Owned Facility

24. This option, if proceeded with, would require an upgrade of the existing changing pavilion on the park, especially the hot water system for the showers. On a square metre cost basis it would cost approximately \$1,860 per square metre to provide two additional changing rooms, each changing room being of the same area as the former Suburbs Rugby Club Changing Rooms. This is over twice the square metre rate of refurbishing the existing building. There is no money in the current or next financial year's budget to undertake the building of two new additional changing rooms. It is most likely to be a number of years before money could be appropriated in the budget to provide the additional changing rooms by addition to the Council's existing building. Suburbs Rugby Club are back in the top rugby competition for Christchurch, and as such need suitable changing facilities to enable senior games to be played at its home grounds as soon as possible.

PREFERRED OPTION

25. To buy the former Suburbs Rugby Club Changing Rooms, toilets and associated passageway from the Church of Christchurch for \$1. This option enables the Council to provide additional needed changing facilities on Hoon Hay Park at a less-than new built price for a period of up to 33 years at which time it is anticipated that the present changing facility located on the park will be nearing the end of its economic life and need replacing. At that time, changing room needs can be assessed, and a new facility built to accommodate all changing room needs at the park.
26. The number of changing rooms available to players on the park is limiting the full utilisation of the rugby fields on the park during the winter. There is pressure from Suburbs Rugby Club whose home ground is Hoon Hay Park for the provision of more changing rooms at the park to replace some of the ones that were lost. The addition of these two full-size changing rooms to accommodate the needs of senior competition players will go a long way towards addressing this need.

ASSESSMENT OF OPTIONS

The Preferred Option

27. To purchase the former Suburbs Rugby Club changing pavilion for one dollar, and upgrading it at a cost of approximately \$56,000.

	Benefits (current and future)	Costs (current and future)
Social	Will enable a larger number of people from the community to formally recreate on the park at the same time, thereby strengthening social cohesion. Will enable the resident football club (Suburbs) to hold senior matches at its home grounds, thereby assisting to strengthen the club's presence in the community.	
Cultural	Nil.	
Environmental	Enables full utilisation to be made of the existing buildings on the park, and better use to be made of the existing sports-fields on the park, which have to be maintained in any case.	
Economic	<ul style="list-style-type: none">- Enables two additional changing rooms to be provided on the park at under half the cost of providing two new changing rooms attached to the Council's present changing facility.- Money is available in the 2004/05/06 budget with which to undertake the necessary work, thereby satisfying the identified community need in the short term.	The upgrading cost has been estimated at approximately \$56,000, with ongoing annual costs of approximately \$6,190 (2005 estimate).
<p>Extent to which community outcomes are achieved: This allows Suburbs Rugby Club to play senior home games at Hoon hay Park, which is its home park, thereby strengthening its presence in the local community.</p> <p>Impact on Council's capacity and responsibilities: The addition of these two changing rooms coupled with the present Council owned changing rooms will enable better formal utilisation of the existing sports fields to take place.</p> <p>Effects on Maori: Nil.</p> <p>Consistency with existing Council policies: This option is consistent with present Council policies, of providing amenities on recreational areas to enable Christchurch residents to participate in healthy formal recreational pursuits.</p> <p>Views and preferences of persons affected or likely to have an interest: The views of residents living in the residential areas surrounding the park to the leasing of a small area of the park to the Church will be assessed during the public advertising process.</p> <p>Other relevant matters:</p>		

Maintain The Status Quo (If Not Preferred Option)

28. Not providing additional changing rooms at Hoon Hay Park.

	Benefits (current and future)	Costs (current and future)
Social		Will restrict the number of people from the community able to formally recreate on the park at the same time. Opportunities for strengthening social cohesion in the community will be missed. The resident football club (Suburbs) will not be able to hold senior matches at its home grounds, thereby reducing opportunities to strengthen the club's presence in the community.
Cultural		
Environmental		Will prevent full utilisation being made of the existing buildings and sports fields on the park, which are required to be maintained in any case.
Economic	No direct financial investment required.	This option will cost the Council more, because of the necessity to use sports fields elsewhere in the community for senior rugby, while the ones at Hoon Hay Park remain underutilised.
<p>Extent to which community outcomes are achieved: This option prevents Suburbs Rugby Club from playing senior home games at Hoon Hay Park, which is its home park, thereby reducing the Club's presence in the local community. This limiting of healthy recreational opportunities in the community is detrimental to community outcomes.</p> <p>Impact on Council's capacity and responsibilities: This option will not enable better formal utilisation of the existing sports fields to occur which will result in increased costs to the Council.</p> <p>Effects on Maori: Nil.</p> <p>Consistency with existing Council policies: This option is not consistent with present Council policies of providing amenities on recreational areas to enable Christchurch residents to participate in healthy formal recreational pursuits.</p> <p>Views and preferences of persons affected or likely to have an interest: The local sporting community have indicated that they require more larger changing rooms on the Hoon Hay Park, to be able to use the park for senior games as soon as possible.</p> <p>Other relevant matters:</p>		

Build Two New Changing Rooms Attached to the Existing Council Owned Pavilion

29. Not to proceed with the proposed purchase and upgrade of the existing changing rooms, but to build two new changing rooms of a similar size to the former Suburbs Rugby Club changing rooms attached to the existing Council owned facility.

	Benefits (current and future)	Costs (current and future)
Social	Will enable a larger number of people from the community to formally recreate on the park at the same time, thereby strengthening social cohesion. Will enable the resident football club (Suburbs) to hold senior matches at its home grounds, thereby assisting to strengthen the club's presence in the community.	
Cultural	Nil.	
Environmental	Enables full utilisation to be made of the existing buildings on the park, and better use to be made of the existing sports fields on the park, which have to be maintained in any case.	
Economic		<ul style="list-style-type: none"> - Enables two additional changing rooms to be provided on the park, however, at over twice the cost of upgrading the existing facility, (\$130,000 excluding GST). - Annual maintenance budgets will need to be increased by an amount which is more than the preferred option because of higher depreciation costs. - Half of the resulting changing facility will be half way through it's life cycle, the balance being new. - It will be a number of years before budget appropriation can be made to undertake building the new changing rooms, therefore the identified community need will be unable to be satisfied in the short to medium term.
<p>Extent to which community outcomes are achieved: This allows Suburbs Rugby Club to play senior home games at Hoon Hay Park, which is its home park, thereby strengthening its presence in the local community, although not in the shorter term.</p> <p>Impact on Council's capacity and responsibilities: The addition of these two changing rooms to the present Council owned changing rooms will enable better formal utilisation of the existing sports fields to take place.</p> <p>Effects on Maori: Nil.</p> <p>Consistency with existing Council policies: This option is consistent with present Council policies of providing amenities on recreational areas to enable Christchurch residents to participate in healthy formal recreational pursuits.</p> <p>Views and preferences of persons affected or likely to have an interest: The Suburbs Rugby Club's aspirations of being able to play senior games on Hoon Hay Park, its home grounds will not be able to be realised as quickly as in the preferred option.</p> <p>Other relevant matters:</p>		