

24. TEMPORARY CANTERBURY RUGBY FOOTBALL UNION STADIUM - RUGBY LEAGUE PARK

General Manager responsible:	General Manager Community Services Group
Officer responsible:	Unit Manager Recreation and Sport
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PURPOSE OF REPORT

1. To obtain Council approval and financial support for the development of a temporary stadium at Rugby League Park.

EXECUTIVE SUMMARY

2. The Canterbury Rugby Football Union Incorporated ("CRFU") manages the Crusaders and Canterbury Rugby teams. The CRFU is the regional subsidiary of the New Zealand Rugby Union, which owns the Crusaders.
3. The home of the Crusaders and Canterbury rugby teams has been AMI Stadium. Since the earthquake of 22 February 2011 AMI Stadium has been closed. The Crusaders team has had to play all its 2011 Super Rugby games away from Christchurch, and Canterbury its ITM Cup representative games at Rugby Park. Other sporting fixtures such as international rugby league formerly at AMI Stadium have been cancelled.
4. It was confirmed by the Christchurch City Council ("Council") on 9 August that AMI Stadium would be off limits for the 2012 season following the severe damage it suffered in the 22 February earthquake. There is no decision on its future beyond that.
5. AMI Stadium is owned by the Council. It hosts a number of sporting and recreational fixtures that require a large, rectangular stadium such as rugby union, rugby league, football and other large outdoor events.
6. The CRFU says it is acutely aware of the pride that Cantabrians take in seeing and believing in their rugby team. It believes that the Crusaders campaign in 2011 gave the community hope, pride and pleasure at a time when such things were so hard to find in other parts of daily life. Similar feedback has been received from rugby league, football, Sport Canterbury and SPARC.
7. The CRFU considers that the current arrangements for the Crusaders and Canterbury rugby teams, as described in paragraph 3 of this report above, are not tenable moving forward to the 2012 season for a number of reasons including the following:
 - (a) The rigour of having had to travel away from Christchurch every week of the competition in 2011 for the Crusaders team players is too arduous to sustain performance, and has had an impact on their lives and families in Christchurch.
 - (b) Christchurch fans and commercial partners need to see their team play in their own city/market in order to remain relevant and supported during 2012 and beyond. The Crusaders playing in front of Christchurch residents will be helpful for many as the rebuild issues continue to be clarified and resolved.
8. Other sports and sporting stakeholders such as rugby league, football, Sport Canterbury and SPARC have raised concerns at the lack of a large capacity stadium in Christchurch.
9. It is now imperative that the CRFU look for a new venue for its rugby teams if it wishes for them to play in Christchurch for the 2012 season. The Crusaders are due to kick off their Super Rugby season in late February 2012. This means a decision on what needs to be done, including all necessary commitments of support, should ideally be made in September 2011 in order for a site to be prepared in time. The CRFU has considered a number of options in Christchurch for a new temporary home for the teams. See paragraph 20 of this report below and the accompanying table for an account of these. The preferred option is access to a temporary stadium on the site of Rugby League Park in Addington.

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10. Rugby League Park is a Council owned park and facility (see **Attachment A** for a plan showing this). It is adjacent to the CBS Canterbury Arena and the Addington Raceway, and shares with these facilities extensive car parking areas. Canterbury Rugby Football League Incorporated (CRFL) has a lease with the Council to occupy the park for a maximum term to 31 August 2037. The park has an existing capacity for 10,000 people and has hosted international rugby league matches, including World Cup matches, going back as far as 1975 (and 1967 for the CRFL club grand final). It has sustained significant damage during the February 2011 Christchurch earthquake and is currently closed. The No.1 Grandstand (eastern grandstand) and the No.2 Grandstand (western grandstand) cannot be occupied due to earthquake damage and are earthquake prone buildings. CRFL have been forced to play elsewhere and have moved their grand final from Addington to Hornby's Denton Oval for the first time in the event's 44-year history.
11. Rugby League Park comprises two fee simple titles held and managed by the Council, totalling 4.9274 hectares in area, these being listed in the table below.

Legal Description	Certificate of Title	Area (hectares)
Lot 1 DP 320558	81495	4.0789
Lot 2 DP 320558	81496	0.8485

There is no statutory reserve status over these titles of land. That is, they are not reserves under the Reserves Act 1977.

12. A lease is granted to CRFL to occupy premises at Rugby League Park for a term of five years, commencing 1 September 2002, with rights of renewal for five further terms of five years and a final term of four years and 364 days, and a final expiry date of 31 August 2037 if all rights of renewal are exercised. The premises, as shown on the plan in **Attachment B**, for the occupation of Rugby League Park is the land comprising Lot 1 DP 320558 together with the No.1 and No.2 Grandstands, offices, ancillary buildings and playing pitches situated on that land.
13. In order to provide Christchurch with a temporary large capacity outdoor stadium, the CRFU proposes that CRFL sublease Rugby League Park to CRFU for the purposes of developing such a stadium. CRFL have been consulted and support the proposed development as being in the interests of the wider sporting community. Verbal agreement has been reached and written agreement is underway based upon the following:
- Permission to sublease is granted by the Council, noting that CRFL and CRFU will negotiate all terms of the sublease.
 - The duration of the sublease is added on to the term of CRFL's lease of the Rugby League Park.
 - The insurance proceeds from the damaged and/or demolished grandstands are used as a Council contribution to the development of a new grandstand when the temporary stadium is removed.
14. CRFU propose that the Council approve the use of Rugby League Park for a temporary outdoor stadium that includes:
- An 18,600 seat stadium, including approximately 5,000 covered seats, using temporary grandstands.
 - Ancillary facilities such as toilets, television, media, hospitality, player and match facilities.
 - Upgrade of the existing playing surface to a sand carpet pitch, potentially by harvesting existing turf from AMI Stadium.
 - Upgrade of lights to television standard, potentially by relocating lights from AMI Stadium or purchasing alternatives.

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- Relocation of other AMI Stadium assets – for example, the big screen and corporate furniture.
 - The use of the existing car parking facilities in the adjacent Addington events precinct.
15. In order to develop the temporary stadium it will be necessary to demolish the existing No.1 and No.2 grandstands. Both grandstands are unoccupied due to earthquake damage and the fact that they are earthquake prone buildings. An engineering assessment concludes that they are between 2% and 34% of the New Building Standard. The Council's requirement is 67% of this standard.
16. Following the engineering assessments of the grandstands, ongoing discussions are underway with the insurance loss adjustors. This will lead into a settlement process, the outcome of which is not known at this stage.
17. CRFU request the Council:
- Approve the sublease of Rugby League Park from CRFL to CRFU.
 - Approve the development of a temporary stadium along the lines outlined in paragraph 14 above subject to the necessary resource and building consents being obtained.
 - Demolish the existing damaged grandstands at Rugby League Park.
 - Contribute financially to the uplifting and relocation of the AMI Stadium pitch (or the provision of an alternative pitch), lighting and facility design to the maximum value of \$1,000,000 plus GST.
 - Approve the use of any required AMI Stadium assets, such as the big screen and corporate furniture, being incorporated into the temporary stadium.
 - Contribute financially to the lighting, design and facility upgrade of a temporary stadium at Rugby Park to a maximum of \$1,000,000 plus GST if Council does not approve the use of Rugby League Park as recommended by this report.
18. CRFU will be responsible for all other capital and operational costs from sources including fund raising, central government assistance, earthquake appeal funds and private sector/third party support.
19. Council officers consider that the development of a temporary stadium is in the best interests of sport in Canterbury at present due to the closure of the QEII Park Recreation and Sport Centre and AMI Stadium and the uncertain future of both these venues. A temporary venue is preferred as it will not impact on Council's decision making processes on the provision of stadia in the long term. A temporary venue of the scale proposed would provide the opportunity to host other matches that would normally have been hosted at AMI Stadium including:
- All Black rugby tests.
 - New Zealand Warriors and other NRL teams.
 - ITM Cup matches and finals.
 - Phoenix and Football A League matches.
 - Upcoming FIFA U20 Men's World Cup in 2015 (if this is secured).
 - Other larger games for all sporting codes e.g. ANZAC rugby league test.

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20. Some of the location options for a temporary stadium that have been considered by the CRFU are outlined below:

Location	Benefits	Reasons to Discount
Rugby League Park – Preferred Option	<ul style="list-style-type: none"> • Central location – good accessibility by road and from all parts of the city. • Sufficient size. • Existing services and utilities. • Existing parking area. • Venue hub with CBS Canterbury Arena and Addington Raceway. • Established sporting venue. • Benefit to rugby league and other users – that is, the temporary facility will be multi-use. 	<ul style="list-style-type: none"> • Demolition of existing damaged grandstands required. • Playing surface requires upgrading. • Existing lessee rights. • Lighting system needed.
Rugby Park– Current Temporary Location for Canterbury ITM Cup games	<ul style="list-style-type: none"> • Currently used as a 7,000 seat stadium. • Some existing services and utilities. • Established sporting venue. • Central location. • Venue owners are very co-operative allowing use by other sports codes. • Site owners would support the project. 	<ul style="list-style-type: none"> • Constrained site. • Limited parking. • Limited capacity of pitch to accommodate training and matches. • Less opportunity for use by other sports codes. • Would result in a much larger facility. • Will require a lighting upgrade in a residential area.
Land adjacent to the Riccarton Racecourse	<ul style="list-style-type: none"> • Greenfield site. • Claimed to be of sufficient size. • Adjacent to existing events facilities. • Existing parking area. 	<ul style="list-style-type: none"> • Currently occupied by the Riccarton-Fendalton Pony Club. • Little existing infrastructure. • Existing parking is remote to the site. • Non-central location.

21. The proposed development will increase the capacity of Rugby League Park from 10,000 to 18,600. It is anticipated that the consequent increased requirement for car parking will be accommodated by the existing car parking shared with the CBS Canterbury Arena and the Addington Raceway. Council officers have met with the CEO of Addington Raceway and the Vbase General Manager. There is confidence that the parking and other implications of a temporary stadium can be managed. Addington Raceway and Vbase expressed a desire to optimise commercial and community opportunities arising from a temporary stadium.

FINANCIAL IMPLICATIONS

22. There are financial implications for the Council supporting the development of a temporary stadium at Rugby League Park in the manner recommended in this report.
23. The proposed Council contribution of up to \$1,000,000 plus GST for the pitch, lighting and facility design is not in the 2009-19 LTCCP. Should the Council approve this contribution, it is proposed that the funding shortfall would be sourced from additional Council borrowings. The borrowing that is required would be a charge against the notional \$150 million of "shortfall allowance" made by the Council in the Response and Recovery Cost estimates.
24. The Council will meet the cost of demolition of the existing damaged grandstands quoted at \$104,940. It is anticipated that this will be recoverable from insurance.

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25. There is a risk that Council's ability to secure the optimum insurance settlement in respect of the damaged grandstands may be compromised by the demolition of the grandstands before the insurance negotiations have been concluded. In order for the project to proceed the demolition must occur in September 2011 to allow the construction of a temporary stadium by 9 March 2012 for the first Crusaders home game. The insurance settlement discussions will take a number of months. If the demolition is delayed, the project cannot proceed. Staff will continue to work closely and urgently with our Insurers to optimise Council's position. An update will be tabled at the Council meeting.
26. As noted in paragraph 18 above, the CRFU will be responsible for all remaining capital and operational costs. There can be no expectation of any further Council contribution.

Do the Recommendations of this Report Align with 2009-19 LTCCP budgets?

27. No.

LEGAL CONSIDERATIONS

28. The Council entered into a lease dated 4 February 2005 for Rugby League Park with CRFL for a term of five years from 1 September 2002 with five rights of renewal of five years each and a sixth right of renewal of 5 years less one day. The lease was renewed in 2007 and is due to be renewed again on 1 September 2012. If all renewals are exercised by CRFL the lease term will finally expire on 31 August 2037.
29. Under the lease CRFL may sublet Rugby League Park, provided that the Council's consent as landlord is given. As the current term of the lease expires on 31 August 2012, and the next renewal term expires on 31 August 2017, it is expected that the term of the proposed sublease will commence shortly and expire on 30 August 2017.
30. The proposal to demolish the existing grandstands will require that the Council enters into a Deed of Variation of the lease with CRFL. The deed will need to limit the Council's liability under the lease to CRFL to rebuild the existing grandstands to the extent of the insurance proceeds received by the Council. It will also need to provide for the proposed increase in the lease term to compensate CRFL for the period the premises are given over to CRFU under the proposed sublease.
31. Section 138 of the Local Government Act 2002 requires the Council to consult on any disposal of land used as a "park". For these purposes "disposal" includes the grant of a lease with a term of more than six months, which has the effect of excluding or substantially interfering with the public's access to the park. The Legal Services Unit is of the view that the proposed sublease by CRFL to CRFU will not constitute a disposal under section 138 as the grant of the sublease will not, by itself, have the effect of excluding or substantially interfering with the public's access to the park. That occurred when the original lease was granted. In terms of the proposal to extend the term of the lease to CRFL, in the context of Rugby League Park only being part of the Addington Events Precinct owned by the Council, it is not considered that that extension would constitute a "disposal" for the purposes of section 138.
32. Demolition of the existing grandstands prior to a settlement being reached with the Council's insurer as to the Council's insurance claim does carry the risk that the insurer may decline the Council's claim or reduce the amount paid to the Council. Staff will continue to work closely and urgently with our Insurers to optimise the Council's position. An update will be tabled at the Council meeting.

Have you considered the legal implications of the issue under consideration?

33. Yes, see above.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

34. Not applicable.

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Do the recommendations of this report support a level of service or project in the 2009-19 LTCCP?

35. Yes.

ALIGNMENT WITH STRATEGIES

36. Yes. The provision of sporting facilities and stadia.

Do the recommendations align with the Council's strategies?

37. Yes. Council's Physical and Sport Strategy, and Council's Event Strategy.

CONSULTATION FULFILMENT

38. The Council has actively engaged in discussion and negotiation with both CRFL and CRFU concerning this proposal, and agreement in principle has been reached along the lines specified in this report. Staff have also discussed the proposal with Addington Raceway and Vbase.

39. The Canterbury Earthquake (Local Government Act 2002) Order 2010 exempts the Council from compliance with some of the decision making processes set out in the Local Government Act 2002. These include the requirement that the Council considers community views and preferences.

40. The exemptions can be relied upon in this case because it is necessary for the purpose of ensuring that Christchurch, the Council, and its communities respond to and recover from the impacts of the Canterbury Earthquakes.

STAFF RECOMMENDATION

It is recommended that the Council resolves as follows:

(a) That Canterbury Rugby Football Union Incorporated be authorised to use the land known as Rugby League Park currently leased to Canterbury Rugby Football League Incorporated for the following purposes:

- the erection and operation of a temporary 18,600 capacity stadium, including approximately 5,000 covered seats, using temporary grandstands;
- the erection and operation of ancillary facilities, such as toilets, television, media, hospitality, player and match facilities;
- the upgrade of the existing playing surface to a sand carpet pitch, potentially by harvesting existing turf from AMI Stadium;
- the upgrade of lights to television standard, potentially by relocating lights from AMI Stadium or purchasing alternatives;
- the relocation of other AMI Stadium assets to the site, such as the big screen and corporate furniture.

(b) Subject to the Canterbury Rugby Football League Incorporated agreeing to enter the Deed of Variation referred to in paragraph (e) of this resolution, that the Council grant consent as landlord under the lease dated 4 February 2005 with Canterbury Rugby Football League Incorporated to sublease the leased premises specified in the lease to Canterbury Rugby Football Union Incorporated for a sublease term expiring no later than 30 August 2017;

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- (c) Subject to the Canterbury Rugby Football League Incorporated agreeing to enter the Deed of Variation referred to in paragraph (e) of this resolution, that the Council consents as landowner to the existing grandstands at Rugby League Park being demolished, subject to all necessary regulatory consents being obtained;
- (d) That Council staff use their best endeavours to maximise the amount of the insurance proceeds received by the Council in respect of the existing grandstands, but acknowledging that it will be necessary to demolish the grandstands before a full and final settlement is reached with the Council's insurer;
- (e) That the Council enter into a Deed of Variation of the lease dated 4 February 2005 to Canterbury Rugby Football League Incorporated to record the agreed demolition of the existing grandstands, to limit the Council's liability to Canterbury Rugby Football League Incorporated under the lease to rebuild the grandstands to the extent of the insurance proceeds (if any) received by the Council and to increase the term of the lease to compensate Canterbury Rugby Football League Incorporated for the period of the lease term lost to the sublease.
- (f) Subject to Canterbury Rugby Football League Incorporated and Canterbury Rugby Football Union Incorporated agreeing on the terms of the sublease, that the Council meet the costs (to a maximum amount of \$1,000,000 plus GST) of:
 - (i) removal of existing turf at Rugby League Park and replacement with new turf;
 - (ii) removal of existing lights at Rugby League Park and replacement with new lights;
 - (iii) relocation of AMI Stadium assets to Rugby League Park;
 - (iv) the design of the temporary stadium.
- (g) That the Canterbury Rugby Football Union Incorporated be responsible for all resource and building consents required for the establishment of the temporary stadium (other than demolition of the existing grandstands);
- (h) That the Canterbury Rugby Football Union Incorporated meet the cost of establishing the temporary stadium, and all on-going running costs;
- (i) That the Canterbury Rugby Football Union Incorporated publicly recognise the Council's contribution to the temporary stadium project by providing signage at the stadium and associated marketing;
- (j) That the Canterbury Rugby Football Union Incorporated include Vbase in any tender process for the supply of catering and other services at the temporary stadium;
- (k) That the General Manager Community Services be delegated the power to negotiate and enter into on behalf of the Council such legal documentation required on such terms and conditions as he shall consider necessary to implement the terms of this resolution.

Alternatively if the Council declines to adopt the above resolution, that the Council resolves:

- (a) to contribute financially, to a maximum of \$1,000,000 excluding GST, for the lighting, design and facility upgrade of the existing stadium at Rugby Park to an approximate capacity of 18,600; and
- (b) to delegate to the General Manager Community Services the power to negotiate and enter into on behalf of the Council such legal documentation required on such terms and conditions as he shall consider necessary.

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THE OPTIONS

Option 1

41. The Council approves demolition of the existing damaged grandstands, the sublease of Rugby League Park to CRFU for a temporary stadium, and the contribution to a maximum of \$1,000,000 plus GST to the project, as described in this report. This will meet the expectations of CRFU who propose to develop and operate the temporary stadium.

Option 2

42. The Council approves demolition of the existing damaged grandstands, the sublease of Rugby League Park to CRFU for a temporary stadium with no additional financial contribution. Whilst this indicates Council support for the project, it will result in CRFU having to source all of the funding and risks the project not proceeding.

Option 3

43. The Council contributes financially to the lighting, design and facility upgrade of a temporary stadium at Rugby Park to a maximum of \$1,000,000 excluding GST. A temporary stadium may be established but not in the preferred location.

Option 4

44. Retain status quo. The Council declines to approve a sublease of Rugby League Park to CRFU. This will result in the project not proceeding.

PREFERRED OPTION

Option 1

45. The Council approves demolition of the existing damaged grandstands, the sublease of Rugby League Park to CRFU for a temporary stadium, and the contribution to a maximum of \$1,000,000 plus GST to the project, as described in this report.