

6. RUGBY LEAGUE PARK – SUBMISSION BY CANTERBURY RUGBY FOOTBALL LEAGUE (INC)

Officer responsible Leisure Manager	Author Lyll Matchett
Corporate Plan Output: Stadia Leased – Rugby League Park	

The purpose of this report is to provide a response to a submission by Canterbury Rugby Football League regarding their lack of funds due to the purchase and ongoing maintenance requirements for the grandstands at Rugby League Park. The report also considers options and possibilities for assisting Canterbury Rugby Football League (CRFL) for the future.

BACKGROUND

The Council purchased the land and buildings at the former A & P Association site in Addington - now Rugby League Park - in conjunction with the relocation of the Canterbury A & P Association to Wigram. This was achieved by land exchange between A & P and the Council of the Addington and Wigram sites.

The land exchange proposal arose from the Council's and rugby league's desire to retain the old Showgrounds arena and amenities as a continuing and permanent base for rugby league in Canterbury. In 1994 discussions were held with CRFL to confirm their ability to become financially involved in the proposed purchase and to determine what effect such involvement would have on the future development of league in Christchurch. CRFL offered a contribution of \$500,000 to the project but acknowledged that approximately half of that amount would need to be fund-raised.

With this commitment from CRFL a financial package was put together which resulted in the Council purchasing the Addington ground from A & P and selling the Council's Wigram land to A & P. The contribution from CRFL was to be put towards the development of the site by the Council, including demolition of old buildings, fencing, car parking, landscaping etc of the site.

An agreement on the terms of lease and funding issues was signed with the Canterbury Rugby Football League Property Trust on 23 June 1997.

The \$500,000 contribution from CRFL was accepted on the basis that this sum would purchase for CRFL all the existing improvements on the site which included grandstands and other amenities. The total ground (excluding the improvements) was then incorporated into a lease agreement to CRFL for 20 years plus a further 20 year right of renewal with a rental of \$11,560 pa. This annual lease has subsequently been reduced to \$5,310 during a review of rentals of all leased facilities to sports associations.

The funding to be contributed by CRFL was structured so that on lease commencement CRFL would pay \$250,000 and the Council would lend CRFL the balance \$250,000, to be repaid over 10 years by equal annual payments. This was subsequently amended, at CRFL's request, so that the balance \$250,000 was applied against an option for CRFL to purchase the Grandstand No 1 (Centennial Stand) for that sum prior to 31 May 1999. CRFL has since repaid \$150,000 towards the purchase of this Grandstand. The option was further extended to 31 May 2000 but has now lapsed leaving \$100,000 unpaid.

During the option period CRFL leased the No. 1 Grandstand for an annual rental of 10c.

The option agreement provides that if the option is not exercised by the Trust in the manner provided, such option shall lapse and no party shall have any right or claim against the other.

Prior to the purchase by CRFL of the improvements (including the option to purchase No. 1 grandstand) a building audit was undertaken by Thomson Wentworth of the four main facilities on site, which includes the two large grandstands, a kitchen and amenity block, which is unused, and an amenity block which is used for changing rooms. This report identified that the facilities required deferred maintenance of \$179,210 and expenditure of approx \$1.3M to make the buildings fully compliant with legislative requirements such as the Building Act, Disabled Persons Act, Fire Service Act and Fire Safety and Evacuation Regulations and Health & Safety in Employment Act. It is noted in the report from Thomson and Wentworth that these works are not required to be undertaken until such time as a building consent application is required to effect works.

Within the terms of the agreement with the Canterbury Rugby Football League Property Trust, signed on the 23 June 1997 to sell the ground improvements it is recorded as follows:

For the Number 2 Grandstand, Amenities Block, Showers/Changing Block (west of Playing field) and other minor items:

“Council will sell and the Trust will purchase those improvements on Lot 2 listed in schedule. A on a totally “as is where is” basis. It is acknowledged by the Trust that the Council did not construct and has never owned the improvements other than for the period between the settlement of the purchase of Lot 2 from Canterbury A & P Association by the Council and the sale of the improvements to the Trust (i.e. from 9 May 1997 to 1 June 1997). It is further acknowledged that CRFL has exercised control from time to time over the improvements. The Trust shall have no claim whatsoever against the Council in respect of any requisition or requirement affecting improvements whether in the past, now or in the future.”

The same conditions applied to the option to purchase No. 1 Grandstand.

SUMMARY OF THE COUNCIL'S CONTRIBUTION TO DATE

The original financial package adopted by the Council in 1994 was as follows:

Purchase Price Addington	\$2,000,000	
Funds provided by:		
Land swap Wigram		\$900,000
Contribution CRFL		\$500,000
Contribution CCC		<u>\$600,000</u>
	<u>\$2,000,000</u>	\$2,000,000

In addition, the Council made provision of \$172,000 for costs relating to fencing, demolitions, services and access, taking the initial package to \$2,172,000.

An additional \$400,000 was approved in 1989/90 for completion of the car park and site development. City Streets Unit also separately funded the construction of the new roadway from Whiteleigh Avenue which now provides access to the Rugby League Park, Westpac Stadium and the Addington Raceway. The Leisure Unit has also contributed funding to CRFL for playing ground maintenance and irrigation works.

Excluding the value of the land exchanged and roading, the Council has therefore contributed additional funding to the development of Rugby League Park in excess of \$1,172,000.

MAIN FACILITIES AT RUGBY LEAGUE PARK AND THEIR CONDITION

No 1 Grandstand (east side of the park)

Built 1967 – Seats 2,400 people, 1,220 sq metres of useable space under the stand plus 330 m² of mezzanine floor, 4 Changing Rooms, 2 shower/toilet blocks, small public bar (60 – 70 persons) 2 meeting rooms, 5 CRL Offices , & reception area.

Large area of unused space on the north side of the stand which includes public toilets, kitchen and Canteen area and referees room.

Thomson Wentworth Audit

Deferred Maintenance	\$97,200
Structural work	\$80,000
Compliance work	\$722,500

No 2 Grandstand (west side of the park)

Build 1975 – Seats 1500 people, 550 sq metres of useable space under the stand
Groundsman's store, weights area, toilets, general storage and disused kitchen

Thomson Wentworth Audit

Deferred Maintenance	\$64,250
Structural work	\$45,000
Compliance work	\$274,100

Kitchen and Amenities Block (car park area)

Built around 1980 - 602.4 sq metres in total (amenities and kitchen 200sq m and dining room/open space area 400 sq m)

Area is basic with no floor coverings or internal linings.

Thomson & Wentworth Audit	
Deferred Maintenance	\$11,330
Structural Work	\$5,000
Compliance work	\$53,000

Amenities Block (north of No 2 Grandstand)

Erected in 1971 providing changing rooms and storage.

Very basic facilities in average condition.

Thomson & Wentworth Audit	
Deferred Maintenance	\$6,430
Compliance work	\$60,750

North and Southern Embankments

The northern embankment is a grassed area

The southern embankment is a traditional concrete embankment, which is seldom used.

Thomson & Wentworth Audit	
Deferred Maintenance	\$Nil
Compliance work	\$50,500

The compliance work relates to Emergency lighting for the open areas.

The compliance work identified by the Thomson Wentworth Audit is based on the requirements for using each facility to its maximum potential. There are a variety of options that could significantly reduce these requirements, based on reducing accessibility or the activities in some of these areas. While the compliance issues are not triggered until a building consent is made, there are a number of deficiencies that should be dealt with sooner rather than later. Until an up-to-date structural report is undertaken, the costs shown for bringing the buildings up to structural standards are just an indication of structural condition of the buildings.

Circulated with this report is a separate assessment undertaken by City Design on the condition of the facilities and a review of the required building spaces in comparison to those provided. This review is based on recent investigations undertaken for the English Park redevelopment. The present requirements indicate a need for approx 1975m² of space in comparison to the 4,546m² currently provided. These figures include seated spectator requirements (bleachers). Their report highlights the lack of quality lounge space and confirms the low standard of existing facilities and inherent cost in bringing the Number 1 stand up to compliance standard.

SUBMISSION BY CANTERBURY RUGBY FOOTBALL LEAGUE

The basis of the submission by CRFL is for the Council to purchase back the facilities at Rugby League Park for the sum of \$400,000. The consequences of this are that the Council would need to accept responsibility for bringing these facilities up to the necessary Building, Fire and Health & Safety requirements.

The combined costs of doing this could be in the vicinity of \$1.6m with no guarantee of increased use.

Based on the agreement dated 23 June 1997 to sell the No 1 and No 2 Grandstands and associated facilities there is no obligation for the Council to undertake either of these requirements. As the full sum of money for the purchase of the No 1 stand has not been completed (i.e. \$100,000 has yet to be paid) there may be some reasoning that could imply that the amount already paid (\$150,000) is refunded to rugby league and the ownership of that stand remains with the Council.

Some form of rationalisation of facilities at Rugby League Park is required to reduce the ongoing liability for rugby league and the Council to ensure that the CRFL can afford to remain at Rugby League Park.

PROPOSED UPGRADING OF RUGBY LEAGUE PARK BY CRFL

CRFL are currently in the process of making application to the Community Trust for funding to undertake improvements to the two grandstands to enable more effective use of the large space available under these stands.

The main reason for this is to try and generate revenue for the facility. The CRFL employ five full time staff to run their activities. Their proposal is to create a range of facilities to cater for the community as a whole, such as areas for education, work training and lifestyle health improvement.

Other sports including Tag (a form of touch but more closely aligned to league), touch football and marching have expressed interest in their plans. In their submission to the Community Trust they state that the CRFL have already committed to a range of educational, job creation and positive personal development programmes, particularly with disadvantaged youth. They have already developed strong working relationships with WINZ, Hagley College and NZRFL. Their submission proposed that the additional rental income would be used to cover additional staffing and management costs and allow the CRFL to operate Rugby League Park viably in terms of servicing its lease/rates/insurance commitments to the Christchurch City Council.

The submission identifies additional revenue income coming from:

1. Increased permanent hire of office space and facilities	\$30,000
2. Gym subscriptions	\$30,000 pa
3. Casual hire	\$5,000
4. Net surplus of providing educational & employment training onsite	\$10,000
Total additional revenue	\$75,000 pa

The proposal identifies the following alterations/improvements:

No 1 Grandstand (Main grandstand on east side of the Park)

Formation of a function room and offices on the mezzanine floor plus decorating, upgrading of kitchen, canteen and toilet facilities, furniture and equipment.

Estimated cost \$178,000 plus fees

No 2 Grandstand

Formation of a classroom, toilets and changing rooms, decorating, and improvement to access to the building plus gym equipment

Estimated cost \$222,000 plus fees.

Total estimate including fees \$440,000

What this work does not identify are the building & fire compliance costs the alterations could trigger in making application for building consent. There is still outstanding items of deferred maintenance which should undertaken in the short term.

FUTURE FOR RUGBY LEAGUE AND RUGBY LEAGUE PARK

The New Zealand RFL enlisted the voluntary professional services of a number of Christchurch businessmen to serve on the Review Committee which was established early in 2000.

The Review Committee has undertaken a number of initiatives including the development of a new business Plan, identified the ongoing liabilities regarding Rugby League Park and preparing the submission to the Council, entering a team in the National Bartercard Cup competition and the appointment of a full time Marketing Manager to assist in a sponsorship drive and other marketing activities.

Progress since the preparation of the new business plan has seen:

1. An additional \$100,000 raised in sponsorship.
2. \$20,000 raised to cover improvements to the scoreboard and signage around the ground, plus setting up a gym under the No 2 grandstand.
3. Increased crowd number to Bartercard cup games.
4. Assistance from NZRFL.
5. Continued development at schoolboy level
6. Possibility of a Rugby league Test coming to Christchurch.

Membership of the league this year (2,000) consists of 16 clubs, fielding 52 senior teams with a total of 1,300 senior players (men and women). The schoolboys have a similar club structure with 87 teams and over 1,600 players. The Canterbury Bulls are the flagship team in the National Bartercard Cup competition. All home games are played at Rugby League Park, which is also the training and administrative base for the team. The park is used on 30 weekends per year to stage rugby league games and a further 10–12 times during the year to host marching events.

SPECTATOR NUMBERS AND POPULARITY OF THE SPORT

At present the ground has capacity for approx 4,100 spectators in the seated and covered grandstands on the park. The southern embankment also provides considerable spectator viewing.

Attendance at this season's home matches for the Canterbury Bulls have averaged 717 per match with the highest number of 1,210 in early July 2000.

The number of participants playing rugby league has dropped dramatically in the last four years from a peak in 1995/96 of 4796 to 2,203 in 2000/01.

The Bartercard Cup match held at QEII in April attracted 724 spectators. The recent match held on Saturday 19 August 2000 saw approximately 450 attend on a cold evening. With the accessibility of other venues such as QEII and Jade Stadium for the larger matches, consideration should be given to significantly downgrading the number of spectator facilities at Rugby League Park to reduce the ongoing liability for maintenance and upkeep of facilities that will rarely be used.

The submission by CRFL to the Community Trust is to make better use of the space and the facilities that are already in existence. For the long term it is considered that the facilities that should be provided at Rugby League Park meet the current and foreseeable future needs, rather than continue to look for ways and means of utilising the existing larger, older and less suitable facilities.

There are a considerable number of options for the development of the park. However it is necessary to determine not only the benefit that can be generated from them but the ongoing liabilities that these major structures (Nos 1 and 2 Grandstands) carry with them.

Any significant alterations to the existing grandstands are likely to trigger the major building upgrades – therefore it is important that the overall future and needs of the park are looked at before any further funds are invested in these buildings. This means that no improvements as proposed by Rugby League should be allowed until such time as plans for the overall park are considered.

KEY FACTS

1. Between the Council and Canterbury Rugby Football League we now own Rugby League Park.
2. Rugby League want to stay at Rugby League Park which has been the home of rugby league since 1912.
3. There are two full sized rugby league pitches on the park.
4. There is still deferred maintenance of \$179,210 to be undertaken on the buildings.
5. To develop either grandstand will invoke a number of building and fire regulations that will incur considerable cost over and above the projected development.
6. Canterbury Rugby League are struggling financially due to the maintenance burden of the facilities.
7. Under the existing agreement the ongoing liabilities of the facilities at Rugby League Park will financially cripple Canterbury Rugby League.

8. The existing spectator facilities (approx 4,100 seating) is far greater than current requirements which indicate a maximum of 1,500.
9. For bigger matches there is QEII and Jade Stadium available.
10. Popularity of the sport has declined dramatically in the last three years.

OPTIONS

Attached is a table which provides a variety of options that are available to the Council and rugby league. These include a “do nothing” option, upgrade existing facilities, or build new facilities.

The following option is considered the best by the Leisure Unit in providing a future for rugby league to continue at Rugby League Park. This gives a short term solution to current needs and provides a clear indication for the future which provides modern and upgraded facilities and reduces the liabilities for extensive compliance expenditure for facilities that are seldom used. It also enables the sport the opportunity to reverse the trend in declining number of participants before a full programme of development is established.

1. Agree to repay \$150,000 (the sum paid to the Council for the No 1 Grandstand - contract not completed) to CRFL. Funding of which is undertaken over three years with an initial payment of \$25,000 being in cash. The remainder of the payments going towards upgrading the No 2 Grandstand to meet compliance costs over the next three years.
2. Rugby League retain ownership of the No 2 stand and lights only.
3. Allow no development of the No 1 stand with the view to demolition in 5-10 years when a new facility is programmed.
4. Undertake a complete study of needs for rugby league recognising the growth or decline in the sport.
5. If rugby league wish to undertake some redevelopment/provide office space it should be in the No 2 stand and/or the kitchen amenity block out front.
6. In the future demolish the No 1 stand and replace with a smaller building which provides offices/changing rooms/lounge and internal spectator facilities.

Recommendation: That a subcommittee of the Parks and Recreation Committee be established to work through the above issues and report back to the November/December meeting with recommendations and budget provisions.

Chairman's

Recommendation: That the above recommendation be adopted.