

### 3. FLAT WATER FACILITY (LAKE ISAAC WATER SPORTS PARK)

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The purpose of this report is to inform the Council of the outcomes of research requested by the Council on 15 July 2003 regarding the Lake Isaac Water Sports Park proposal and to seek support for a process by which this can go out for public consultation.

#### INTRODUCTION

##### Growth in flat water sports activities

From 1950 until 1990, Kerrs Reach was very much the preserve of rowing with the occasional surfboat and recreational canoeist. With the establishment of the Arawa Canoe Club in the old HMNZS Pegasus building more organised canoeist usage of the Reach commenced. Dragon boating became a frequent user in the mid 1990s and outrigger canoes also appeared in the late 1990s.

During the last decade rowing usage has increased dramatically with the number of rowing schools being added by new participants such as Burnside who now have large squads. The average number of registered participants per school has also doubled as more young people take up the sport. In the mid 1990s the Canterbury Rowing Association had 342 registered rowers. Currently 489 rowers are registered for competition but the inclusion of school returns to their governing sports body increases this figure to almost 800. These additional rowers are at entry level and under 15 and they utilise the boats and training water on Kerrs Reach but are not registered for competition.

The recent construction of a significantly larger boatshed for the Arawa Canoe Club has boosted accommodation for kayaks from less than 100 to over 200. In 1992 the Avon Club required an additional boatshed to accommodate school boats and again in 1998 the Canterbury Rowing Association erected a much larger boatshed to accommodate the increasing number of shells utilising the river. The Union and Canterbury Clubs extended their boatsheds at some stage to enlarge boat accommodation and the Avon Club converted its gymnasium area to boat storage. As new boats are purchased by schools, and to a lesser extent by clubs, the replaced shell typically remains on Kerrs Reach under new ownership. For example, Villa Maria College has a large fleet, all purchased as second-hand shells from Christ's College and Rangī Ruru. This is the only way that schools can meet the large capital investment in plant to accommodate the burgeoning numbers of school rowers. In addition to these users there are a significant number of casual paddlers and rowers who use Kerrs Reach.

##### Congestion Kerrs Reach

During this period the Canterbury Rowing Association sought to impose a traffic flow pattern onto the river but its jurisdiction ceases with its own members. The free nature of many other users has constantly led to conflict and in 2002 the craft of the Canterbury Rowing Association were deemed uninsurable due to the high level of collisions with other rivers users. Representations saw cover reinstated but with a 1000% increase over the original excess on claims and with considerable restrictions on usage. The mixture of craft also causes conflict due to the variation in their manoeuvrability, speed and responsibility.

Usage of the river has increased at least ten-fold in the last decade. Year-round rowing, many additional kayaks, the arrival of dragon boats and outriggers and the increasing popularity of all flat water recreation including rowing now render Kerrs Reach incapable of delivering a safe environment for the current volume of flat water recreation. This was acknowledged by the Christchurch City Council in its May letter to the Canterbury Rowing Association expressing concern at the shortcomings of Kerrs Reach and the lower Avon River.

Safety is paramount to the continuance of all sports. The increasing use of public roads and waterways such as Kerrs Reach and Lyttelton Harbour for training and competition raises particular concerns for sports administrators when it comes to funding traffic management plans. This can cost thousands of dollars per event. For dragon boaters to train at Lyttelton they are required to have Coastguard (itself a voluntary organisation) in attendance. This can be a logistical nightmare given the uncertainty of water and sea conditions.

Congestion at Kerrs Reach increases the potential for accidents, and this is made worse when the weed remains uncut during parts of the year. The weed makes it difficult for any crew who do fall in to right their boat or to make their way safely to shore.

## **BACKGROUND**

The development of a plan for the Lake Isaac Watersports Park has been progressing for three years. Over the last year the Trust has produced a business plan for the formation of Lake Isaac as a replacement for Kerrs Reach. The Lake Isaac Watersports Park Trust made a submission to the 2003/04 Annual Plan seeking \$12.4 million (including GST) for the park.

The Council had previously granted \$600,000 to the Trust over a five year period. Approximately \$100,000 has been paid to the Lake Isaac Watersports Park Trust and used to engage consultants in the areas of resource planning, engineering and environmental issues to consider and report on solutions to allow for the preparation of a resource consent application.

On 15 July 2003 the Council reconsidered how to progress this matter and resolved:

- “1. That a sum of \$150,000 be included in 2003/04 for investigations to be undertaken on the provision of a Christchurch flat water sports facility.*
- 2. That the investigations include an independently reviewed business case which establishes a demand for such a facility in Christchurch, its operational viability, available land options (including all aspects of environmental, transport and other impacts) and the construction costs.*
- 3. Having regard to the increasing concerns relating to the risk of aircraft birdstrike, that officers report to the Parks, Gardens and Waterways Committee on a strategy for minimising such risks, and in the preparation of such strategy, the Chief Executive Officer be requested to establish a project team that would include representation from Christchurch International Airport Ltd, Environment Canterbury and the Fish and Game Council.*
- 4. That future budget provisions for the Lake Isaac Watersports Trust be deleted.”*

The following key points from the terms of reference are set out below. The terms of reference are attached as Appendix A.

### **Aim**

To prepare a report identifying the demand, viability and options for the provision of a flat water sports facility in Christchurch

### **Objectives**

- Alternative sites will be investigated.
- The report will review the operational viability of the flat water sports facility and validate that viability.
- The report will review and validate the capital and operational budget, which has currently been developed for the facility and any budget for a revised proposal.
- The “public good” in relation to a flat water sports facility.
- The facility proposed will be suitable for international events and if in fact a Christchurch facility needs to meet international standards.
- The long term operational risks will have been assessed.

### **INVESTIGATIONS**

A flat water sports facility was accorded “top band” priority in the Council’s Recreation and Sport Facilities Strategy.

The following additional factors are also important to note in considering this proposal:

- Growth in passive water sports – kayaking, rowing, dragon boats, waka ama.
- Growth in numbers participating – schools, students, recreational and competition.
- Minimal assistance to maintain or improve venues compared with other sports codes.
- Recognition of the results that have consistently been achieved on a regional and national basis.
- It is envisaged that casual flat water use will to a greater degree remain at Kerrs Reach.

The Lake Isaac proposal for a new venue has been considered in three stages, Stage 1 being a training and competition course to replace Kerrs Reach. Stages 2 and 3 identify further improvements which would upgrade the course to host national and international events respectively.

The cost for Stage 1 has been estimated at \$15.45 million, with Stages 2 and 3 adding a further \$14.92 million to give a total estimated cost of \$30.37 million. The Lake Isaac Trust propose a combination of funding sources including Christchurch City Council, central government, community agencies, companies, corporates and private individuals. The Council has been asked to fund \$11M to assist with the funding of Stage 1. Without this commitment the project is unlikely to proceed.

Deloitte were contracted to provide an independent review of the operational viability, business case need and site evaluations as well as detailed financial assessment of both the construction and ongoing operating costs associated with each of the three stages of this proposal.

Note: The nuisance bird management strategy is also being undertaken by a separate working party who intend having the strategy completed by the end of this financial year.

The project control group has considered the following:

## 1. **Long Term Operational Risks**

The long term operational risks identified include:

- Insufficient revenue to cover annual operating costs.
- A decline in patronage due to a drop off in participation in flat water sports.
- Natural hazards such as floods, earthquake damage and bird strike.
- Occupational, safety and health (OSH) issues.

### *Insufficient Revenue to Cover Annual Operating Costs*

Annual operating budgets have been prepared which shows a surplus of \$9,000 for a Stage I facility and \$63,000 for a Stage II and III facility. These budgets are reliant on annual revenue charges from four local rowing clubs, 12 school rowing clubs, two canoeing clubs and 30 dragon boat teams. It should be noted that there would in all probability be many other potential users, which these calculations do not take into account.

The budgeted cash operating expenses (ie excluding depreciation) for Stage I are \$188,000 and for Stage II and III \$310,000.

It is intended to operate Lake Isaac as a commercial operation that will require additional costs than that currently being incurred at Kerrs Reach. If it reverted to a 'club' operation using mainly volunteers, it is expected that the annual cash operating expenses would reduce to around \$100,000 for Stage I and \$185,000 for Stage II and III. On the assumption there is no revenue at all, these amounts (in today's dollars) would be the maximum annual amounts that the Council could be exposed to. The Council, if it had some ownership over the facility would always be in a position not to fund any operational costs if for any reason the ongoing operation could not be justified.

### *Decline in Patronage*

The first rowing club in Canterbury was formed in 1861 and the sport has always enjoyed steady support. Secondary school rowing has become a major sporting activity for schools.

Multi-sport disciplines have increased in popularity over the years as has dragon boat racing, in spite of the lack of open water space.

Interest in flat water sports is not expected to decline and could well increase with the focus on recreation for health benefits.

### *Natural Hazards*

The Diana Isaac Wildlife Trust is currently having discussions with ECan over the use of its land to enhance primary flood defence for the area.

Earthquake damage is no greater risk than that for a natural water facility and buildings as the lake is dug into the ground and is not reliant on a liner to retain the water.

The Council is currently working on a nuisance bird management strategy which will/could impact on design and operational issues at Lake Isaac.

#### *OSH Issues*

The Lake Isaac Water Park Trust is very conscious of these issues and is having discussions with Water Safety New Zealand with respect to design, equipment required, policies and procedures to address OSH issues.

## 2. Financial Implications for the Council

If the Council decides to support this proposal then the opportunity to have some form of ownership or tenure in the site needs to be investigated to give the option for funding to be sourced from the Council's capital budget, which would not have the same impact on rates.

As Councillors will be aware a grant of this magnitude, even if it was spread over several years, would have a significant impact on the Council's rates. The impact of giving a \$1M grant to an organisation increases the rates by 0.63% in the year it is granted. (An \$11M grant in any one year would increase rates by 6.93%.)

The impact of including \$1M in the capital budget is an increase in rates of 0.05% (0.09 over two years). (An \$11M increase in the capital programme in any one year would increase rates by .55% for 20 years.) As can be seen from this it would have a more moderate impact on rating changes to have a situation in place that would allow the Council to support this proposal through the capital programme.

## 3. Construction Costs Associated with the Three Stages

Full financial details in respect to all three stages are contained in Appendix B (attached).

#### *Lake Isaac Flat Water Facility Cost of Construction and Financing For Stage I*

Projections are based on a lake facility with sufficient infrastructure to provide training for Christchurch flat water sports and to facilitate competition to a national level.

#### *Summary of Projected Capital Costs and Funding for Stage One*

EXPECTED TOTAL COST OF STAGE I	Year 1	Year 2	Year 3	Year 4	Year 5	Totals
	\$750,000	\$4,182,000	\$4,420,000	\$5,475,000	\$623,000	\$15,450,000
<b>SUMMARY OF FUNDING</b>						
<b>Christchurch City Council</b>						
Already paid by Council	120,000					120,000
Balance requested	630,000	3,400,000	3,400,000	3,570,000		11,000,000
<b>Total Christchurch City Council</b>	<b>750,000</b>	<b>3,400,000</b>	<b>3,400,000</b>	<b>3,570,000</b>	<b>0</b>	<b>11,120,000</b>
<b>Other sources</b>	<b>0</b>	<b>782,000</b>	<b>1,020,000</b>	<b>1,905,000</b>	<b>623,000</b>	<b>4,450,000</b>
<b>TOTAL FUNDING</b>	<b>\$750,000</b>	<b>\$4,182,000</b>	<b>\$4,420,000</b>	<b>\$5,475,000</b>	<b>\$623,000</b>	<b>\$15,450,000</b>
<b>CONTINGENCIES</b>	<b>\$250,000</b>	<b>\$1,250,000</b>	<b>\$1,000,000</b>	<b>\$1,100,000</b>	<b>\$100,000</b>	<b>\$3,700,000</b>

#### *Summary of Projected Annual Operating Revenues and Expenditure for Stage One*

	\$
<b>REVENUE</b>	211,500
<b>LESS EXPENSES</b>	
Salaries and wages	75,000
Repairs and maintenance supplies	50,000
Other	63,000
<b>TOTAL CASH EXPENSES</b>	<b>188,000</b>
Depreciation	14,300
<b>TOTAL EXPENSES</b>	<b>202,300</b>
<b>NET SURPLUS</b>	<b>\$9,200</b>

Detailed projections are included in Appendix B (attached).

#### 4. An Analysis of Alternative Sites

The analysis (Appendix C) was carried out using a range of factors and then each factor was given a weighting. A summary of the results is set out below.

#### FLAT WATER FACILITY - POSSIBLE LOCATION ANALYSIS SUMMARY WEIGHTED SCORES

Criteria	Bottle Lake	Brook-lands	Estuary/Bromley	Halswell	Kerrs Reach	Lake Chrichton	Lake Ellesmere	Lake Forsyth	Lake Hood	Lake Isaac	Other ECan
Suitable lake size (2.5km 350/500m and 4m deep)	25	25	25	15	0	0	25	25	15	25	25
Sufficient total area including ancillary facilities (169ha)	25	15	15	10	0	10	25	20	20	25	25
Correct wind alignment to allow good conditions	15	5	20	10	0	20	25	5	5	25	25
Constant ground water table	10	10	5	0	5	15	5	15	15	20	20
Land availability	5	5	5	0	0	10	5	5	10	25	10
Ease of obtaining planning approvals	8	4	0	4	0	8	4	4	4	12	4
Close to population base and amenities	16	16	20	20	20	4	8	8	0	16	12
Capital cost and engineering feasibility (If low, high score)	8	4	4	8	12	12	8	8	12	12	12
Ongoing operational costs (If low, high score)	4	4	4	4	12	8	8	8	8	12	12
Existence of natural hazards (If low, high score)	3	3	6	9	9	12	3	0	9	3	3
Meets criteria for international events	12	0	3	9	0	6	3	0	0	15	15
Constant water flow to ensure water quality	3	6	12	3	12	3	3	3	3	12	12
Environmental management and maintenance (If low, high score)	2	4	4	4	4	4	2	2	4	6	6
<b>TOTALS</b>	<b>136</b>	<b>101</b>	<b>123</b>	<b>96</b>	<b>74</b>	<b>112</b>	<b>124</b>	<b>103</b>	<b>105</b>	<b>208</b>	<b>181</b>

#### 5. Public Good and the Proposed Flat Water Facility

*What is Public Good?*

Characteristics of a Public Good

- Non-excludable – i.e. the good/service is available to everyone and entry/consumption to it cannot be restricted.
- Non-rival – i.e. consumption of the good/service by an individual does not exclude or inhibit consumption of it by another
- Benefits accrue to the general public rather than a specific group e.g. facility users

Characteristics of a Merit Good

- Service users benefit directly.
- All members of the community benefit to some degree.

Characteristics of a Private Good

- Opposite to the characteristics of Public Good.

In considering public good in relation to the proposed flat water facility some assumptions need to be made as to how the facility will be operated and managed.

*Assumptions*

- The areas around the flat water facility will be largely open to public access for walking, cycling, picnicking etc, except perhaps when a major sporting event is taking place. Public access will generally not be restricted and will for all intents and purposes be a park.
- The water space itself at the flat water facility will be available for public usage most of the time ie an individual with a non-engine powered craft could arrive, launch the craft and use the water space. (There will be a fee for this use)

- At times eg during major events and programmed training, public, casual access to the water space will be restricted to certain areas and/or certain times.
- It is possible that at times the water area will be divided up with different types of usage taking place in defined areas. These sorts of arrangements will be used to promote public safety and avoid conflict between different users.

#### *Consideration of Public Good*

Given the assumptions outlined above the use of the proposed flat water facility as a park and the publicly accessible use of the water space can be considered a public good. These uses are clearly non-excludable, non-rival and there are benefits to the public as a whole (through the community benefits of participation in recreation and sport, see Appendix D attached).

Use of areas of the proposed flat water facility for the (potentially) exclusive use of clubs and for events is probably examples of merit goods. These have elements of public and private goods. There are some benefits that are specific to the users themselves and others that accrue to the population as a whole (through the community benefits of participation in recreation and sport, see Appendix D).

#### *Benefits of Participation in Recreation and Sport*

There are a number of recognised benefits from participation in recreation and sport. Many of these provide elements of benefit to the community as a whole as well as to the direct participants.

The proposed flat water facility will contribute to these benefits of participation in recreation and sport to the degree it:

- Encourages participation by people currently not participating.
- Increases the level of participation by those participating to some degree
- Prevents those currently participating from reducing or stopping their participation.

### **DISCUSSION**

As can be seen from the research the site proposed by the Lake Isaac Watersports Park Trust is clearly the best option when evaluated using the selected criteria. The comments or issues as identified in the individual options evaluation (Appendix C attached) are important when looking at the overall concept of a flat water facility, which will need to cater for both training for a range of sports, and has the potential to provide a competition facility for these sports. It should be noted that the facility specifications required to cater for local training are if anything greater in terms of water space, than the criteria required to host local and national competitions. The other factor that enhances the Lake Isaac Watersports Park Trust proposal is the gift of 169 hectares of land from Lady Isaac for the lake and associated facilities.

The costs associated with the formation of the proposed lake have been confirmed as far as possible but in a construction project of this nature and magnitude there are many unknowns that could have a major impact on the final costs. Taking into account the consultancy work already undertaken by the Trust the figures should closely reflect the actual costs. Operational considerations show that the proposed facility would show a small (\$9,000) surplus as a training venue and when stages two and three are completed the surplus increase to around \$60,000. As with the construction costs the operational costs could vary and have an impact on the bottom line but the project control group have carried out a rigorous evaluation of estimated costs and revenues and feel that the outcomes are a reasonable estimate of the operating budgets for the proposed facility.

Once developed a facility of this nature will have an indefinite life span with very little ongoing maintenance costs and little need to budget for replacement unless there is a major disaster that affects the lake.

A key to the proposed project may well be the ability of the Council to acquire some form of tenure of the land involved so that the impacts of any support can be incorporated into the Council's capital programme as opposed to having a significant direct impact on rates if support was to be given by way of a direct grant.

**Staff****Recommendation:**

1. That the Community and Leisure Committee recommend that the Annual Plan Subcommittee support this proposal as follows:  

2004/05	\$630,000
2005/06	\$3,400,000
2006/07	\$3,400,000
2007/08	\$3,570,000
2. That this support be subject to the Council being able to fund this proposal through the capital programme.
3. That this support be subject to a satisfactory resolution to the nuisance bird management issue.
4. That the details as per recommendation one be included in the draft Long Term Council Community Plan.

**Chairman's****Recommendation:**

For discussion.