Ashburton District Aquatic Centre and Indoor Stadium Project Overview

Purpose of this Report

This report is intended to provide the reader with an overview of the process undertaken to propose development of an aquatic centre and indoor sports facility for Ashburton District and to summarise the reports that have informed decision making throughout.

Overview of the Process So Far

Initial Feasibility and Concept Development

1.	2001	Council receives representations asking that a new indoor stadium be considered. Council working group established.
2.	2002	Preliminary Feasibility Study undertaken
3.	2002	Investigations into possible new swimming facility included
4.	2003	Detailed Feasibility Report recommends facility, features, governance
5.	2003	Economic Impact Report produced
6.	2004	Social Impact Report produced
7.	2004	Concept proposed in Council's Community Plan 2004-14

Detailed Concept Development

8.	2005	Ashburton Stadium Complex Trust formed to progress proposal
9.	2006	Concept proposed in Council's Community Plan 2006-16
10.	2007	Ashburton Stadium Complex Trust presents concept design to Council and the community
11.	2008	Financial Feasibility Study undertaken by Deloitte. Council asks for a revision of design to reduce costs.
12.	2008	Revised Financial Feasibility Study presented to Council based on cheaper option. Council asks for options to stage construction to be developed.
13.	2008	Revised Financial Feasibility Study based on staged construction presented to Council

Detailed Concept Proposal

14.	2009	Detailed concept proposed in Council's Community Plan 2009-19
15.	2009	Consultation undertaken on proposal as part of Council's Community Plan 2009-19

1. Background to the Initial Proposal - Feasibility and Concept Development

In 2001 Council received representations from Mid Canterbury Netball and the Trustees of the Ashburton Sports Hall suggesting Council look at the viability of an indoor sports stadium. Council decided to establish a working group of councillors to consider the feasibility of establishing an indoor sports facility.

In early 2002 the working group recommended Council engage consultants to undertake a feasibility study and report back to Council on its findings. Following an evaluation of proposals from consultants The Tourism & Leisure Group and Glasson Potts Fowler were engaged by the Ashburton District Council in September 2002 to undertake a preliminary assessment of a new indoor sports stadium to service the district

1.1 Indoor Stadium - Preliminary Feasibility Study – Indoor Sports Stadium

The study, completed in December 2002 and presented to the Council in February 2003, covered the following areas:

- Needs analysis of key stakeholder groups who would be the likely users of a facility
- Key requirements for a new indoor stadium as identified by stakeholder groups
- Key issues for potential users, focussing mainly on affordability and accessibility concerns
- A preliminary assessment of potential usage by major groups
- A public consultation process for residents to determine their support for the project

The study surveyed all sports, leisure, recreational, cultural, arts and educational organisations in the district to determine their needs, anticipated usage of a facility and support for the concept. Focus group sessions were held with key sports and community organisations to identify needs, likely usage and potential issues and to gauge the level of support for an indoor sports stadium in more detail.

The report found there was sufficient need and support for a new indoor sports stadium and recommended to Council that further, more detailed investigations be undertaken (Stage 2) into the feasibility and viability of the project.

1.2 Aquatic Centre

In 2001/ 02 issues regarding the longer term viability of the Ashburton Community Pool had been discussed in detail. Issues identified by the then pool manager included:

- Pool ownership was causing some confusion with the public and any capital improvements remained the property of the Education Authority
- Unlike Council owned pools, Ashburton Community Pool had to fund its own capital cost as it was only receiving Council funding for operational costs.
- While the building was sound the pumps did not meet water standards, and the lining in the changing shed ceiling and office was rotten and required replacement
- The plant was unable to provide a consistent temperature over the winter, making it less attractive for users
- The pool space was limited, prohibiting multi-use
- There were no leisure features, a large draw card for younger swimmers

- The design of the pool was not conducive to safe practises as entry and exit was past the deep end of the pool
- The quality of the water in terms of water turnover was below pool water standards
- The air turnover was below half of the recommended turnover rate

The pool manager provided a comprehensive list of facilities that could be designed into a new pool. These would enable a much wider range of water related activities to take place.

The state of the current pool facility in Ashburton has been a major driver for Council to look at the best long-term solution. Continuing to patch up the current pool is not considered viable in the longer term, with a new facility being the preferred option to meet the requirements of the district over the coming 20-30 years.

1.3 Feasibility Study – Multi-Purpose Indoor Sports Stadium and Aquatic Centre

After looking at all viable options, Council decided to combine evaluation of the sports stadium and swimming pool requirements into a single project. The Ashburton District Council at its February 2003 meeting approved the recommendations from the preliminary report to undertake further investigations and specifically identified the following areas to be addressed:

- Complete a site analysis which includes the potential for commercial activities to financially support the indoor stadium/pool concept and potentially reduce capital and operating costs and therefore enhance the affordability of a new facility
- Discuss with existing clubs the potential to move some of their activities to a proposed new indoor stadium
- Work with key organisations to ensure their commitment to the stadium
- Confirm the key elements of the stadium including whether it should incorporate a new swimming pool, health and fitness gym, cycling velodrome, indoor bowls, ice rink and squash courts
- Discuss the potential requirements of primary schools regarding swimming, particularly in regard to those with their own pools
- Confirm potential usage of the indoor stadium/pool
- Determine preliminary capital costs for the stadium/pool
- Determine potential funding streams for the stadium/pool
- Determine preliminary operating costs and pricing structure for the stadium/pool
- Determine the most appropriate ownership and management structures

1.3.1 Report Findings: Following further consultation with user groups, research of similar facilities in New Zealand and abroad and input from recreational facility experts the report came back in July 2003 with following findings and recommendations:

Indoor Stadium

- Arena – approximate size of 64m x 35m able to accommodate 9 badminton courts, or 3 basketball or netball courts, or adequate space for all other potential user groups. Also a climbing wall though not necessarily located in the arena

- Provision for spectators – retractable seating for 500 and additional temporary seating for larger events
- Fitness Gym – floor area of approximately 1000 m2, including gymnasium and weights room, cardio and stretch area, offices and consultation rooms, sun bed, storage facilities
- Ancillary facilities – storage for stadium equipment, storage for major users, administration offices, reception and box office, staff facilities, meeting space, changing rooms, toilets and showers, first aid room, kitchen, social area, off-street parking

Swimming Pool

- Main Pool – 50m x 25m and 1.3m to 5m deep Can be configured in a number of different ways with a moveable bulkhead (50m x 25m training and competition pool, or 2 times 25m x 25m pools) Uses would include: swim training, learn to swim, sports team training, aquacise/ aqua jogging, water polo, diving, scuba and snorkelling training, canoe and kayak training
- Learn to Swim Pool - 8m x 8m x 0.9m
- Leisure Pool - Nil depth to 0.9m. Hydro Slide
- Spa Pool, Sauna, Steam Room
- Other proposed facilities, most of which would be shared with the indoor stadium including: changing rooms, pool control room (component of stadium energy and services management facilities), staff facilities, administration offices, meeting rooms, storage, plant rooms, workshop

Commercial Facilities

There was strong support among key stakeholders for incorporating private facilities within overall complex. This was seen as providing a stronger base of services within the complex, adding to the drawing power of the facility. Examples of commercial facilities considered included; gym, sports shop, crèche, medical centre, offices, restaurant/ café.

Ownership and Management Structure

The report recommended the establishment of a trust to own and manage the facility, consisting of community and Council representatives.

The report outlined benefits from this approach, including:

- A trust structure would enable access to capital and operating funds not available to Council, such as community and national grants
- A trust which incorporates users is the most appropriate structure to determine issues associated with accessibility and affordability of the complex. The users of the facility take a shareholding in the complex by assisting in obtaining the capital required
- A combined Council/ community trust representation on the trust allows continued access to Council staff expertise when required
- A combined Council/ community trust representation from the outset provides an opportunity for a wide community participation into the project for design and implementation
- A combined Council/ community trust representation allows continued management and stakeholder involvement by the users of the stadium complex

1.3.2 Site Assessment

The feasibility report did not address site assessment other than to provide a list of criteria to be considered in a full site assessment. The report authors considered it premature to consider sites until a commitment had been made regarding the type of facility to be developed.

1.3.3 Costs

The feasibility report included research on the potential costs of the facility based on six other comparable facilities completed in New Zealand between 1995 and 2002. It was estimated a new indoor stadium facility would cost in the region of $10 million and a pool facility approximately $4 – 5 million, with total capital costs of between $14 – 15 million, excluding commercial facilities and land.

Options for capital funding sources identified were: Council, community fundraising, charitable trust donations, sponsorship and commercial support.

The report also looked at the potential operating revenue and expenses of a facility and estimated an annual contribution (from Council) of approximately $200,000 - $300,000 per year would be required to cover the operating income shortfall and depreciation.

1.3.4 Council Decision

Council received the report in August 2003 and decided to proceed with the recommendations of the report including the establishment of a community trust organisation to progress the project forward and ultimately to own and manage the facility.

The project was subsequently included in Council's Community Plan 2004–14.

1.3.5 Further Investigations – Economic Impact Assessment and Social Impact Assessment

Council commissioned an economic impact assessment and a social impact assessment in 2004 to further build on the feasibility study. These reports are summarised within this report.

2. Ashburton Stadium Complex Trust

Council implemented the recommendation of the feasibility study to establish a community trust entity to continue to progress the possible development of an indoor sports and aquatic centre for the district.

The Ashburton Stadium Complex Trust (ASCT) was established in August 2005 with Ashburton District Council as settlor and seven trustees appointed.

2.1 Membership of the Trust

Original membership of the ASCT was:

Merran Blake
Gary Casey
Paul Finnigan
Brian Leadley
Maurice Myers
Brian Roulston

Sheena Tyrrell

Subsequently Mike Southby and Chris Robertson have replaced Paul Finnigan and Brian Roulston

2.2 Objects and Purposes of the Trust

The Trust's objects and purposes as defined in the Trust deed are:

- To research and determine the sporting and other facilities to be included in any stadium/ pool complex for Ashburton;
- To raise by any means available the funds to achieve the provision of such facilities;
- To acquire and develop such facilities;
- Determine the ownership and operation of above facilities;
- To appoint a Board of management (or reform itself) to manage and operate the above facilities;
- All things which are incidental to the attainment of the charitable objects and purposes described in the above clauses

2.3 Activities of the Trust

The trust has overseen the development of the concept for the aquatic centre and indoor stadium since its inception. Council has provided funding to enable the trust to further research the best mix of facilities for the Ashburton District community, to have concept designs of the facility drawn up, and to progress the proposal to the point where it has been included in the Council's Community Plan 2009-19.

The Trust presented its concept design to Council in October 2007 and the plans and proposed features were made available to the community through local media and static displays set up in the Council offices and the Ashburton library.

Further work on the financial feasibility was then undertaken for the Trust by Deloitte. This resulted in an up to date Financial Feasibility Study report incorporating the proposed design features for a combined aquatic centre and indoor stadium.

3. The Deloitte Financial Feasibility Study Report

The Trust commissioned Deloitte and Strategic Leisure New Zealand to develop a feasibility study for the proposed concept. This involved consultation with potential users to identify current and future demand, benchmarking with other similar facilities, and development of a financial operating and funding model.

The report was based on the concept identified by the Ashburton Stadium Complex Trust, for a new multi-use community facility including an aquatic facility with a 10-lane by 33 metre pool with a movable bulkhead and an 8 metre by 25 metre moveable floor, a leisure / toddler pool with water features, a learner's pool in a separate area, two hydro-slides, an indoor sports facility comprising 6 basketball/netball courts with retractable tiered seating, a fitness gym, and other spaces.

The report was presented by the ASCT to Council in April 2008 with a capital cost of $46,000,000. The report also outlined potential variations which were estimated could save up to $9,000,000 on the total cost. Council requested the financial information be revised to include the cheaper option.

In September 2008 the ASCT presented revised financial information based on the cheaper option with a total capital cost of approximately $33,000,000. The reduced costs were achieved by removing a mezzanine floor from the stadium and a reduction of the indoor area surrounding the pool.

The key findings of the financial feasibility study are outlined below, using the revised financial information where applicable:

Capital Cost

The report estimated the capital cost of the proposed facility at $46.13 million. It was assumed the Stadium Complex will be built and operational by July 2010.

Full Stadium and Aquatic Centre Option		***Estimated Cost***
Indicative Capital Cost $000		***Including Fees***
Entry and Surrounds	- Entry, Changing rooms, etc	$5,471
	- Parking, External Works	$2,663
	- Fittings and Equipment	$130
		$8,264
Aquatic Centre		$13,637
Indoor Sports Facility		$10,989
Indicative Cost 2008 - excludes GST, escalation, land costs		**$32,890**
Source - Rawlinson QS estimates May 2008. F&E Deloitte estimate		

Demand, Pricing and Usage

Demand and usage has been based on discussions with potential sports users (particularly netball and basketball), benchmarks for usage from other regions (particular aquatic centre utilisation) and our estimates for growth in usage from an improved facility based on our experience from other centres. To achieve the levels forecast will require the Stadium Complex to be pro-active in developing and growing usage.

SPORTS	**Total Hours Per year**	**Growth**	**Forecast per Year**
Basketball	1,050		1,050
Basketball Fun League	60	60	120
Netball	2,421	594	3,015
Badminton	144	208	352
Volleyball	50	190	240
Indoor Soccer	78		78
Futsal soccer		480	480
School use	996		996
Court Hours Per annum	**4,799**	**1,532**	**6,331**
EVENTS			
Basketball		300	300
Basketball Fun League			0
Netball	150		150
Badminton			0
Volleyball		120	120
Indoor Soccer			0
Futsal soccer		120	120
School use	180	0	180
Other Events	0	360	360
Court Hours Per annum	**330**	**900**	**1,230**
Total Court Hours Per annum	**5,129**	**2,432**	**7,561**
	Current Users per year	**Growth**	**Forecast per Year**
Aquatic Centre Usage	**86,000**	**73,000**	**159,000**
Gym membership	**0**	**400**	**400**
Based on potential user feedback and benchmarks. Assumes proactive management by Stadium to grow usage.			

Pricing has been based on $40 per court hours (excluding GST), inflated current pool pricing and benchmarks.

Financial Feasibility

Revenue has been determined from forecast usage at forecast prices.
Operating costs have been based on benchmarks. The key operating costs (apart from interest) are staffing, which has been built up from benchmarks on a zero base approach, and power, which has been estimated based on pool and sports hall benchmarks.

A summary of the financial forecast for the first five years is shown below.

Summary	**2010/11**	**2011/12**	**2012/13**	**2013/14**	**2014/15**
Revenue		**Forecast - New Facility**			
Aquatic Centre	$657,608	$639,834	$620,402	$639,014	$658,185
Indoor Sports Facility	$312,440	$321,813	$331,468	$341,412	$351,654
Gym	$278,442	$286,795	$295,399	$304,261	$313,389
Café	$30,000	$30,900	$31,827	$32,782	$33,765
Rental	$59,000	$60,770	$62,593	$64,471	$66,405
Other					
Total Revenue	**$1,337,490**	**$1,340,113**	**$1,341,689**	**$1,381,939**	**$1,423,398**
By Expense Type					
Wages and Salaries	$853,450	$877,566	$900,888	$926,441	$952,762
Energy Costs	$308,700	$317,961	$327,500	$337,325	$347,445
Marketing	$28,000	$28,840	$29,705	$30,596	$31,514
Insurance	$36,000	$37,080	$38,192	$39,338	$40,518
Other Operating Costs	$255,838	$272,890	$330,768	$342,039	$354,559
Tottal Operating Costs	**$1,481,988**	**$1,534,337**	**$1,627,053**	**$1,675,740**	**$1,726,798**
Surplus (Deficit) before Depn & Funding	**($144,498)**	**($194,225)**	**($285,364)**	**($293,801)**	**($303,400)**
By Operation					
Aquatic Centre	($3,922)	($49,454)	($135,659)	($138,256)	($140,931)
Indoor Sports Facility	$107,113	$110,327	$113,637	$117,046	$120,557
Gym	$104,542	$107,678	$110,272	$112,209	$113,295
Café	$30,000	$30,900	$31,827	$32,782	$33,765
Rental	$57,000	$58,710	$60,471	$62,285	$64,154
Administration	($439,231)	($452,386)	($465,911)	($479,866)	($494,240)
Surplus (Deficit) before Depn & Funding	**($144,498)**	**($194,225)**	**($285,364)**	**($293,801)**	**($303,400)**
Depreciation	$1,132,853	$1,132,853	$1,132,853	$1,132,853	$1,132,853
Contribution before funding	**($1,277,351)**	**($1,327,078)**	**($1,418,217)**	**($1,426,654)**	**($1,436,253)**

Based on the proposed concept and based on the assumptions noted the Stadium Complex and Aquatic Centre is forecast to operate at:

- An annual operating deficit of $150,000 to $300,000 before depreciation and funding; and
- An accounting deficit before funding (after depreciation) of $1.3 million to $1.4 million p.a.

This is before any Ashburton District Council operating grant, which in 2007/8 was $270,000 for the Ashburton Community Pool.

Funding

At minimum the Stadium Complex will need funding for the operations deficit and the funding of the capital cost of the Stadium Complex. Depreciation does not need to be

funded (in the short and medium term) as it is a non cash item and can in a way be considered funding for replacement. As the Stadium Complex has a life of 20-40 years it is not uncommon in this situation to leave replacement funding to be covered at the time replacement is required – as has happened with the proposed new Stadium Complex.

Funding could come from a variety of sources including grants, donation and debt. For the purposes of the feasibility assessment we have assumed that approximately $15 million will be funded by grants and donations (principally from Ashburton District Council) with the balance funded by debt repayable on a table loan basis (even $ amounts each year including interest and principal repayments) over 30 years. This is summarised below:

	$000	
Capital Cost of Facility	$32,290	
Capital Cost Of Furniture and Equipment	$600	
Total Capital Cost excluding Land	**$32,890**	
Funding		
- Clubs	$250	Aquatic, Sports Hall Equipment
- Council Grant	$15,000	
- Other Grants, Donations, Sponsorship	$5,000	
Total Grant Funding	**$20,250**	
Balance to be Funded by Debt	**$12,640**	
- Interest Rate	8%	
- Repayment Term	30 years	
Table Loan Repayment Amount per annum	**$1,120**	Principal & interest
Source - Deloitte calculations based on noted funding assumptions		

This adds $2.75 million to the minimum funding cost per annum for the Stadium Complex to cover its cash outflows (this is before depreciation which is non cash).

Funding Requirement $000	**2010/11**	**2011/12**	**2012/13**	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**
Total Revenue	$1,316	$1,318	$1,319	$1,359	$1,400	$1,442	$1,485	$1,530	$1,575	$1,623
Total Operating Costs	$1,483	$1,535	$1,628	$1,677	$1,728	$1,782	$1,839	$1,900	$1,966	$2,040
Contribution before Depn & Funding	**($167)**	**($217)**	**($309)**	**($318)**	**($328)**	**($340)**	**($354)**	**($370)**	**($391)**	**($417)**
Interest on Term Debt	$1,008	$999	$989	$979	$968	$956	$943	$929	$913	$897
	($1,175)	**($1,216)**	**($1,298)**	**($1,297)**	**($1,296)**	**($1,296)**	**($1,297)**	**($1,299)**	**($1,304)**	**($1,314)**
Debt Principal Repayment	$111	$120	$130	$140	$151	$163	$177	$191	$206	$222
Total Funding Required for Operations & Debt Servicing	**($1,286)**	**($1,336)**	**($1,428)**	**($1,437)**	**($1,447)**	**($1,459)**	**($1,473)**	**($1,490)**	**($1,510)**	**($1,536)**
Current Council Support (to Pool)	$300	$309	$318	$328	$338	$348	$358	$369	$380	$391
Incremental Funding Required	**($986)**	**($1,027)**	**($1,110)**	**($1,109)**	**($1,110)**	**($1,112)**	**($1,115)**	**($1,121)**	**($1,130)**	**($1,145)**
Estimate Impact on an average households rate per annum	$51	$53	$57	$57	$57	$57	$57	$58	$58	$59
Source - Deloitte estimates based on financial model and assumptions as disclosed and ADC Rates Impact Model										

In addition there will a funding requirement of an estimated $1.3 - $2.0 million in the development and construction period.

Variations

The report identified possible variations to the proposed concept which could save an estimated $9 million in capital cost and therefore funding without significantly undermining the concept proposed. If adopted these could save $0.8 million in debt interest and principal repayment costs per annum.

Possible variation elements identified in the report include:

- Reduce pool to 8 lanes - this could save an estimated $1.6 million in capital cost as the pool and building could be made slightly smaller. In the report author's view it would not have a significant impact on the income generating ability of the pool.

- Reduce indoor sports facility from 6 courts to 4 courts - this could save an estimated $2.8 million in capital cost. The authors believe the forecast demand for the Indoor Sports Facility could still be managed but it would require slightly longer operating hours (later into the evenings) to accommodate demand.
- Reduce Indoor Sports Facility Seating from 3000 seats to 1500 seats - this could save an estimated $0.5 million in capital cost. The authors believe there is little demand for major seated events for the Stadium, as its main use is for community and regional sport, therefore this reduction is not anticipated to impact on Indoor Sports Facility revenue.

Note: These potential variations have not been taken out of the proposed facility in Council's proposal contained in the Ashburton District Community Plan 2009-19. Council would like submissions to included comments on these.

Governance and Management
A Trust structure is recommended for the ownership and operation of the Stadium Complex. Before commitment the Trust will need to seek funding agreements and underwrites to protect the Trustees from liability in the case of an operational and capital cash flow shortfall.

Land and Site Costs
The feasibility study did not include provision for land or site specific costs. The report identified that as an indication every $1 million in land and site specific costs will add $90,000 per annum to the funding required by the Stadium Complex (based on the interest costs assumed by the report).

The full Deloitte Feasibility report is available from Council on request or from the Council website www.ashburtondc.govt.nz

Staging Options
Council asked the ASCT to develop options around staging the construction of the facility. Deloitte prepared a report suggesting staging options and providing financial feasibility information on these options as a variation on the information contained in the Feasibility Study report outlined above.

The report on staging the construction was presented to Council in November 2008. The report provided information on the options of constructing an indoor sports stadium in year one and an aquatic centre in year five; and of constructing an aquatic centre in year one and an indoor sports stadium in year five.

The findings of the report for an aquatic centre first followed by a sports stadium were:

Specification: This scenario assumes the Aquatic Centre, and a portion of the entrance, change facilities and parking facilities are developed now for opening in 2010, and the 6 Court Indoor Sports facility with climbing wall and retractable seating for 3,000 for events, along with the gym and sport med facility, are developed in 5 years to complete the stadium.

Capital Cost

Ashburton Stadium Trust - Staged		***Estimated Total***
Indicative Capital Cost $000		***Cost including fees***
Aquatic centre opened by 2010		
Entry and Surrounds	- Parking, External Works (50%)	$1,404
	- Entry concourse (30%)	$2,409
	- Furniture and Equipment	$130
		$3,943
Aquatic Centre		$14,380
Indicative Cost 2008 - excludes GST, land costs		**$18,323**
Stadium Built by 2014/15		
Entry and Surrounds	- Entry, Changing rooms, etc (70%)	$3,843
	- Parking, External Works (50%)	$1,605
		$5,448
Gym, Sports Med facility		$1,269
Indoor Sports Facility		$11,976
Indicative Cost 2014 - excludes GST, land costs		**$18,693**
Total Indicative Cost - excludes GST and Land Costs		**$37,016**
Source - Rawlinson QS estimates Oct 2008. F&E Deloitte estimate		

Capital Funding

	Stage 1	**Stage 2**	**Total**	
$000	**2008**	**2014**	**From 2014**	
Capital Cost of Facility	$18,093	$18,249	$36,342	
Capital Cost Of Furniture and Equipment	$230	$444	$674	
Total Capital Cost excluding Land	**$18,323**	**$18,693**	**$37,016**	
Funding				
- Clubs	$180	$444	$624	Aquatic, Sports Hall Equipment
- Council Grant	$15,000	$0	$15,000	
- Other Grants, Donations, Sponsorship	$2,500	$2,500	$5,000	
Total Grant Funding	**$17,680**	**$2,944**	**$20,624**	
Balance to be Funded by Debt	**$643**	**$15,749**	**$16,392**	
- Interest Rate	8%		8%	
- Repayment Term	30 years		30 years	
Table Loan Repayment Amount per annum	**$57**		**$1,456**	Principal & interest
Source - Deloitte calculations based on noted funding assumptions				

Funding Requirement $000	**2010/11**	**2011/12**	**2012/13**	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**
	Aquatic Centre only developed Initially				**Indoor Sport Facility added to complete the Stadium**					
Total Revenue	$673	$655	$636	$655	$1,400	$1,442	$1,485	$1,530	$1,575	$1,623
Total Operating Costs	$1,074	$1,114	$1,193	$1,227	$1,722	$1,775	$1,831	$1,891	$1,955	$2,026
Contribution before Depn & Funding	**($401)**	**($458)**	**($557)**	**($572)**	**($323)**	**($334)**	**($346)**	**($362)**	**($380)**	**($403)**
Interest on Term Debt	$51	$51	$50	$50	$1,309	$1,298	$1,285	$1,271	$1,256	$1,240
	($452)	**($509)**	**($607)**	**($622)**	**($1,632)**	**($1,631)**	**($1,631)**	**($1,633)**	**($1,636)**	**($1,644)**
Debt Principal Repayment	$6	$6	$7	$7	$147	$158	$171	$185	$200	$216
Total Funding Required for Operations & Debt Servicing	**($458)**	**($515)**	**($614)**	**($629)**	**($1,779)**	**($1,790)**	**($1,802)**	**($1,818)**	**($1,836)**	**($1,859)**
Current Council Support (to Pool)	$300	$309	$318	$328	$338	$348	$358	$369	$380	$391
Incremental Funding Required	**($158)**	**($206)**	**($296)**	**($301)**	**($1,441)**	**($1,442)**	**($1,444)**	**($1,449)**	**($1,456)**	**($1,468)**
Estimate Impact on an average households rate per annum	$8	$11	$15	$15	$74	$74	$74	$74	$75	$75
Source - Deloitte estimates based on financial model and assumptions as disclosed and ADC Rates Impact Model										

The Staging Options report is available from Council of from the Ashburton District Council website www.ashburtondc.govt.nz

4. Council Proposal - Aquatic Centre and Indoor Sports Stadium

The concept proposal included in the Ashburton District Council Community Plan 2009-19 is based on the concept design the ASCT has presented to Council for a single complex incorporating an indoor aquatic centre and sports stadium facility and features proposed by the ASCT.

Council is proposing to stage construction in two parts (the ASCT proposal had construction of the full facility being completed in 2010).

Stage I: Aquatic Centre - to be completed in 2015/16, currently budgeted to cost approximately $20.7 million (inflation adjusted). Features proposed by the ASCT concept design include:

- A ten lane, 35 metre main pool. A moveable bulkhead wall is proposed to allow a 25 metre competition swimming pool and an area for alternative simultaneous use. The pool is proposed to have an adjustable floor to enable its use for sports such as water polo and synchronised swimming.
- A leisure pool of approximately 25 metres X 20 metres.
- "learn to swim" centre, separately partitioned.
- An aqua-slide attraction with two slides to suit different ages
- Steam room, spa and sauna
- Shower, changing and toilet facilities

Stage II: Indoor Stadium - to be completed in 2017/18, currently budgeted at $20.2 million (inflation adjusted).

- 110 metre X 40 metre floor area – sufficient for six netball and basketball courts
- Moveable seating able to cover four courts enabling room for two courts for tournament play and warm-up area
- Able to provide for sports such as netball, basketball, tennis, badminton, cricket, table tennis, gymnastics, volley ball
- Able to be used as a venue for other entertainment events

perspective view - main entry and aquatic centre

Artist's impression of the proposed Aquatic Centre and Indoor Sports Stadium

Why Do We Need This?

- The current community swimming pool is at the end of its economic life – significant investment will be needed to keep this pool functioning beyond the short term.
- The district does not have an indoor sports facility capable of providing for a wide range of sports.
- Council's population growth projections show the district population will grow by around 6,000 residents over the coming 25 years.
- The district does not have an indoor function facility to host trade shows, expos and the like.
- We need facilities that provide the sport and recreation opportunities a modern, successful community demands if we are to continue to enjoy a high standard of living and attract and retain new residents.
- Locating an aquatic centre and indoor sports facility together enables the facilities to share parking, reception, changing rooms and other common features that will result in cost savings.

Where Would It Be Sited?

Any new facility of this type would be sited in the Ashburton urban area where the population is sufficient to make it viable.

Council and the ASCT are working together to identify the most suitable site(s), provided the proposal goes ahead. Site selection has included extensive research and evaluation and this work is nearing conclusion.

Council will consult with the community in a separate process following a final decision on the proposal to develop the facility.

Who Would Own and Operate the Facility?

The Ashburton Stadium Complex Trust, or a similar successor organisation, would own and manage the facility.

How Much will it Cost and how will it be Paid for?

Using financial information provided by the ASCT Council has estimated the total cost of the proposed facility at $41 million (inflation adjusted), plus land if required. These costs may vary depending on the final specifications incorporated into the design.

Costs and Funding of Stage I – Aquatic Centre:

Total Cost of Stage I $20.7 million (inflation adjusted)

Council contribution:	$16.8 million, of which $15 million to be loan funded and $1.8 million to come from development contributions.
Other funding sources:	$3.9 million from user groups, grants, donations, sponsorship and loan funding. This funding will be secured by the ASCT.

Costs and Funding of Stage II – Indoor Sports Stadium

Total Costs of Stage II	$20.2 million
ASCT contribution	$17.1 million – loan funded
Other funding sources	$3.1 million from user groups, grants, donations, sponsorship and loan funding. This funding will be secured by the ASCT.

Council proposes to provide an annual grant to ASCT which would include funding to cover operational expenses and interest expenses.

Funding and Impact on Rates: It is proposed that Council would loan fund its $15 million commitment for Stage I and pay all interest and loan repayments associated with this loan.

Stage II is proposed to be funded through the ASCT obtaining loan funding of $17.1 million and raising $3.1 million from other sources. Council would provide funding to the ASCT to cover an annual budgeted operational shortfall of approximately $1.4 million per year, which would include some of the costs of servicing and repaying the loan taken out by the Trust for stage II.

The estimated rate impact based on the scale of the project being as proposed, interest rates of 7% and inflation of 3% per year is as follows:

Funding Source: In line with Council's Revenue and Financing Policy the rate funding for the facility would come from:

50% uniform annual general charge
50% capital value general rates

Stage I Aquatic centre with specifications as currently proposed:

Cost of interest and loan repayments	$1,334,284
Additional operating grant	$ 465,505
Total cost to Council per year	$1,799,789

Stage I - Impact on Rates. First year of full rate impact – 2015/ 16

Rates required for a property with a value of:

Urban property	CV $230,000	+$74 per year
Rural property	CV$3,000,000	+$318 per year

Stage II Indoor stadium with specifications as currently proposed:

Additional operating grant	+$1,551,953

Rates required for a property with a value of:

Urban property	CV $230,000	+$67 per year
Rural property	CV$3,000,000	+$288 per year

Stage I and II - **Impact on Rates.** First year of full rate impact – 2018/ 19.

Additional rates required for a property with a value of:

Urban property	CV $230,000	+$140 per year
Rural property	CV$3,000,000	+$605 per year

Land Costs

The costs above have not included any allowance for land purchase should this be necessary.

- Building the facility on Council-owned land would mean land costs would likely be zero
- If land needs to be purchased securing a suitable size site in an appropriate location would be likely to cost $3 – 5 million. Every $1 million in site costs would add approximately $80,000 per year to the funding required by the facility.

What Options Have Been Considered?
Council has looked at a number of options regarding this proposal, each of which has some positive and negative likely consequences. The options considered have included:

1. **Do nothing.** Continue as things are, repairing the current pool as and when required and not having a quality indoor sports venue.

   Positives
   - Lower cost, though Council believes this option could have significant cost implications at some stage in the future and would not be in the long-term best interests of the community.

   - The costs each year to council would include continuing the current annual operating grant ($320,250 budgeted in the 2009/ 10 year) and any additional grant funding required for capital renewals and upgrades to the current swimming pool.

   Negatives
   - The current swimming pool is a very basic facility that will require increased investment over time to keep functional
   - The district does not have a quality indoor sports and function venue

2. **Develop the full facility in two stages as proposed.** This option provides for the current and future needs of the community and increases the affordability of the project.

   Positives
   - The ASCT has undertaken considerable consultation with user groups and the community to identify what type of facility will meet the needs of Ashburton District into the future and this options would deliver those facilities
   - The facilities are built over the next ten years in a way that spreads the impact of the cost over a longer period, increasing affordability

   Negatives
   - The cost to the community remains relatively significant
   - It is nine years before the community has both the aquatic centre and the indoor stadium to use and enjoy

3. **Develop the full facility in one stage.** This option provides for the current and future needs of the community; however Council considers there would be difficulties around the community's ability to fund the project through a one-off increase in rates.

   Positives

- Lower total cost. The ASCT commissioned a report on financial feasibility from Deloitte which estimates the additional cost of staging construction of the facility at approximately $4 million. This additional cost is related primarily to having to pay for two sets of construction site establishment costs and additional inflation (based on 5 years).
- Full facility is able to be used and enjoyed by the community earlier.

Negatives

- Large one-off rate increase. The increase in rates required to fund the facility (see the section above on funding and impact on rates – though the total rate impact would be reduced because of the savings identified above).

Urban property	CV $230,000	+$140 per year
Rural property	CV $3,000,000	+$605 per year

- Higher cost of capital over the period for which the staging would have taken place – due to having to fund the full facility from the outset.

4. **Develop one or other of the proposed facilities only.** This would require Council, the ASCT and the community deciding which facility should be given priority, with the other deferred indefinitely.

Positives

- Lower cost. This would approximately halve the funding required with a similar effect on the impact on rates (see the section above on funding and impact on rates).

Negatives

- One or other of the proposed facilities would not be available for the community use and enjoy.
- Costs will continue to rise, meaning any change of approach further out in the future would be even more expensive.

Council is proposing Option Two but wants to know what you, the community, want.

Risks
The ASCT may not be able to raise the funding it has committed to.

Response: Council will assist the ASCT to raise funding if required or may have to make up any shortfall itself.

Contribution to Achieving Community Outcomes: The proposal to fund an Aquatic Centre and Sports Stadium is expected to contribute directly to achieving the following Ashburton District community outcomes:

Outcome 1: ***A thriving and diverse local economy that provides the foundation for a quality lifestyle***

The economic impact report notes that positive economic impact will result only from the construction phase and from events held at the facility and that overall the facility will be economic cost to the district.

The report acknowledges the potential importance of, but does not attempt to quantify, intangible strategic economic benefits resulting from the district's potential to attract and retain new residents. For a district dependant on being able to increase the local pool of skills in order to continue to grow this is important.

Outcome 5: ***Healthy, active people enjoying a good quality of life in a caring and safe community***

The proposed facility will enable Ashburton District residents to participate more in physical activities associated with the proposed facility, resulting in positive health benefits for the district.

The Ashburton District Physical Activity Strategy identified progressing the development of an aquatic centre and indoor stadium as an action to achieve the following goals of the strategy:

- Our district has sustainable and enjoyable environments and facilities that promote safe and accessible physical activity.

Outcome 6: ***A community with access to a variety of cultural, recreational and heritage experiences and facilities that enrich our quality of life***

The Social Impact Report prepared on the proposed facility identified strong social benefits would be likely to accrue to the community from having an improved swimming and sports facility.

5. Associated Reports

Over the past seven years there have been a number of reports commissioned by Ashburton District Council and the Ashburton Stadium Complex Trust that informed decision-making at the various stages of the process.

It is important to note these reports have been written by consultants and do not necessarily represent the views of Council or the Trust.

Documents available on the Ashburton District Council website www.ashburtondcd.govt.nz are:

- Preliminary Report to Council, Tourism and Leisure Group & Glasson Potts Fowler, 2002
- Stage 2 Report to Council, Tourism and Leisure Group & Glasson Potts Fowler, 2003
- Economic Impact Report, Butcher Partners Ltd. 2008
- Social Impact Study, Tourism and Leisure Group, 2004
- Financial Feasibility Study, Deloitte, March 2008
- Ashburton Stadium Complex - Options, Deloitte, 2008.

5.1 Economic Impact Report

Council commissioned Butcher partners Limited to undertake an economic impact assessment of a stadium and pool complex in 2003. This report was updated in 2008 and this report focuses on that later version.

The report assesses the economic benefit to the community of the facility construction and of having the facility in place.

Main findings of the report are:

1. Construction of the proposed Ashburton Stadium and Pool complex would increase district income by $3.7 million. Construction would also generate flow-on or multiplier activity, and this will increase the total economic impacts to 115 job-years of work and $7.5 million district income, including $5.5 million of household income.

2. If construction is funded partially by rates (either directly or through interest payments to service loans), there will be an associated reduction in other consumption expenditure and an associated reduction in economic impacts. The construction impacts will be strongly positive during construction and then weakly negative during the balance of the stadium's life.

3. Whether additional construction activity actually has a net positive impact on the district economy in the short term will depend on the stage of the business cycle at the time of construction. The construction industry has in recent years been near capacity, although it has started to weaken in the last six months or so.

4. Operation of the stadium will directly generate $1.4 million of output. Multiplier effects will increase this to $2.45 million per year of output. Associated with this will be 28 jobs and $1.15 million per year of regional income (after losses) including $1.22 million per year of household income.

5. Much of the direct impact will be activity diverted from existing businesses, and the balance represents a transfer from other household spending. The expected operating loss of approximately $330,000 per year plus debt repayment *less* elimination of the operating deficit at the existing pool is presumed to be funded by rates, payment of which will also reduce other household spending. On the other hand, the stadium is likely to attract to Ashburton a number of sports events which currently take place elsewhere. This will increase economic activity in the district.

6. Once all these factors have been taken into account it is anticipated the stadium operation will generate 11 on-going additional jobs in Ashburton district. Associated with this will be district income of $0.12 million per year, including income of $0.42 million per year to households[1] and losses incurred by the stadium. Hence the operation of the pool and the stadium, including the various activities which it will accommodate, will have limited positive economic impact on the district.

7. If Ashburton was able to attract more events such as conferences or exhibitions to the stadium, then the economic impacts could be much more substantial. However, there is no evidence that this is a likely outcome.

8. The report addresses only the economic impacts of the proposed stadium. This is a very different thing to the economic benefits and costs. To convert impacts to financial benefits one has to weigh up the net financial costs (as shown in the Deloitte report) against any benefits associated with generating additional jobs and income (value added) in a town such as Ashburton, which is perceived already to have a low unemployment rate[2]. In the case of the proposed stadium, benefits are likely to depend primarily on the value to the

[1] Increased business income in other sectors will be offset by the operating loss at the stadium.

[2] Unfortunately the household labour force survey results are not available at the district level to confirm this perception.

community of having this asset available for their use, rather than from the minor increase in economic activity associated with it. These community benefits are discussed in the social impact report which accompanied an earlier proposal for a stadium with an attached velodrome.

9. The small economic impacts of the stadium and pool reported here are consistent with the findings of many other studies of projects which are aimed primarily at improving the wellbeing of local communities. In recent years it has become widely recognised that economic impact modelling must take into account negative impacts on other businesses, and the general rule is that significant economic impacts will only arise when amenities attract out-of-region visitors or provide services that locals had formerly gone out of town to obtain.

5.2 Social Impact Study

Council commissioned The Tourism and Leisure Group Limited and Lincoln University to undertake a social impact study of a stadium and swimming pool in 2004. The study looked at the social costs of benefits of a facility and built further on the information presented in the economic impact report prepared by Butcher Partners Limited.

The main findings of the social impact report were:

- International research literature points to a number of social costs and benefits to the provision of new recreation facilities, including sports complexes. In summary they are:

  Social Costs: Noise, parking, access issues for local residents; conflict between different community groups over facility use; potential for political conflict; expending of political capital; political opportunity costs; unforeseen negative factors associated with community identity and visibility; and disruption of the development of other community projects.
  Social Benefits: Enhanced community identity; enhanced civic pride; enhanced town image; enhanced community visibility; increased awareness of individual sports; opportunity for political capital; stimulus to the development of new community projects; increased participation in activities; facility for non-sporting activities; individual and community health; and capacity building in project planning/management.

- Sports activities have a positive role to play as ingredients in wider ranging initiatives to address issues of health promotion, diversion from crime, education, employment, community development and social inclusion. These, however, may be small in scale and not shared by whole populations or indeed all who participate in a particular activity.

- Sports facilities and associated programmes can play an important role in promoting a sense of well-being and happiness, as well as promoting close relationships, social support, purpose and hope.

- Enterprise Ashburton believes that a stadium complex could be a valuable asset in attempts to attract new businesses and migrants to Ashburton. A central location near the CBD is the preferred location because of the perceived synergies that might be achieved between local, already established businesses, and the sports complex.

6. Consultation Undertaken

The proposed facility has been in the planning stages for some eight years and in that time extensive consultation has been undertaken in a variety of processes associated with the project.

The initial Feasibility Study consulted extensively with stakeholder organisations and surveyed 400 residents regarding their preferences with respect to features.

The ASCT has continued to consult with stakeholders through its research and concept development activities.

Council Consultation: The project has been included in Ashburton District Council's Community Plan covering the years 2004-14, 2006-16 and now 2009-19. In each case submissions were received by Council, almost all supporting the concept.

In Council's 2007/ 08 Annual Plan more detail was provided of the proposed facility. 129 submissions were received relating to the proposed Aquatic Centre and indoor Sports Stadium, with 122 supporting the proposal, 4 opposed and 2 with concerns relating to funding.