

Emergency Council

**Thursday, 6 June 2002
Commencing at 9.30 am**

**Item 2: Waitakere Sports Complex and
Recreation Precinct - Project
Review**

(Additional Information)

**SUPPLEMENT TO AN AGENDA FOR AN EMERGENCY MEETING OF THE COUNCIL
(WAITAKERE STADIUM SPORTS COMPLEX) TO BE HELD IN THE
CIVIC CENTRE, 6 WAIPAREIRA AVENUE, LINCOLN,
WAITAKERE CITY, ON THURSDAY, 6 JUNE 2002
COMMENCING AT 9.30 AM.**

**2. WAITAKERE SPORTS COMPLEX AND RECREATION PRECINCT - PROJECT REVIEW
- ADDITIONAL INFORMATION**

PURPOSE OF THE REPORT

The purpose of this report is to put forward to Council additional information that has been received from the Waitakere Regional Sports Trust on the operational contribution and depreciation and to provide an amended Sources of Funds table correcting an arithmetical error.

BACKGROUND

The agenda report, including a report from the Waitakere Regional Sports Trust was circulated on Friday 31 May 2002. The agenda report contained an arithmetical error in the Sources of Funds table. A corrected table is shown in the resources section below.

A44 - A45

The Trust is seeking an operating and depreciation contribution from Council. At the time of the agenda report the Trust had not finalised through their advisors an appropriate depreciation regime. The Trust has now finalised this and an addendum to their report is attached at pages A44 to A45.

ISSUES

An addendum to the previously circulated detailed update report has now been received from the Waitakere Regional Sports Trust via the Waitakere Sports Complex Development Board seeking the following:

- authorisation of an operating contribution for the Waitakere Sports Complex once constructed. The Trust is seeking an operating contribution from Council of \$250,000;
- authorisation of a depreciation contribution for the Waitakere Sports Complex once constructed. The Trust is seeking a depreciation contribution from Council of \$289,165. This money will be retained within Council and will be drawn on by the Waitakere Regional sports Trust when required.

The Trust will present the financial model containing details of these at the Council meeting of 6 June 2002.

A44 - A45

A copy of the addendum report on behalf of the Waitakere Regional Sports Trust is attached at pages A44 to A45 for detailed information on the issues identified above.

RESOURCES

Sources of Funds

The following table outlines the source of the various money amounts sought by the Waitakere Regional Sports Trust. Note the loan funded amount of \$4,065,000 for the financial year 2003/2004 includes the \$750,000 provisional budget. (The previously circulated agenda report contained an arithmetical error in this table).

| Source of Funds | Financial year 2001/2002 | Financial year 2002/2003 | Financial year 2003/2004 | Total |
|---|--------------------------|--------------------------|--------------------------|---------------------|
| Loan Funded | \$3,650,000 | \$2,700,000 | \$4,065,000 | \$10,415,000 |
| Land Subdivision Reserve Fund | Nil | \$500,000 | \$400,000 | \$900,000 |
| Total for each financial year (Ex GST) | \$3,650,000 | \$3,200,000 | \$4,465,000 | \$11,315,000 |

CONCLUSION

The proposal from the Waitakere Regional Sports Trust has been assessed as appropriate for Council to consider. This addendum addresses the issues of operating and depreciation contributions from the Council to the Waitakere Regional Sports Trust.

RECOMMENDATIONS

1. That the information, including the associated addendum report presented by the Waitakere Sports Complex Development Board, be received.
2. That the Council fund an ongoing operating contribution to the Waitakere Regional Sports Trust for the operation of the Waitakere Sports Complex for a sum of \$250,000 in year one and this amount is to be reviewed in subsequent years and reduced for any efficiency in operation.
3. That the Council fund the depreciation for the Waitakere Sports Complex building in the sum of \$289,165 and this amount is to be retained within Council and paid to the Waitakere Regional Sports Trust when required to fund the approved building renewal works.

Report prepared by: John Dragicevich, Director: City Services.



Waitakere Sports Complex

Addendum

Approval of Revised Concept and Additional funding

Report to: Waitakere City Council - Special Council meeting
(6 June 2002)

Report From: Waitakere Sports Complex Development Board
(On the behalf of Waitakere Regional sports
Trust)

ADDENDUM TO SECTION 8.7 – WAITAKERE CITY COUNCIL OPERATION CONTRIBUTION

A financial model has been developed by the Waitakere Regional Sports Trust, which details the anticipated operational expenditures and revenues of the Waitakere Sports Complex. This has been developed with the assistance of the Council's Service Manager Audit & Support, City Services.

The base data for the model has been benchmarked with information available on the Massey Leisure Centre and similar facilities in other parts of the Country. Details of the model will be presented at the Council meeting on the 6 June 2002.

The financial model identifies an operational contribution from Council, in the first year of \$250,000. This value is the most accurate that can be generated on the basis of the current available information and being approximately two years out from the opening of the complex.

Accordingly, the amount of \$250,000 includes a contingency of \$90,000, which is to account for the uncertainties of the first year financial operations. Any shortfall or surplus will be addressed at the end of the first financial year to establish the future operating contribution. It is proposed that the arrangements for the payment of the operational contribution from the Council to the Waitakere Regional Sports Trust would involve an open book policy, which would be audited by the Council's Service Manager Audit and Support, City Services or other appropriate Council Officer.

As a comparison, the operating contribution for Massey Leisure Centre, a facility with only two sports courts at a capital cost of approximately \$4.5M, is currently \$120,000 per annum.

Depreciation

This issue has been addressed in the spirit of the partnership with the request that Council account for the depreciation of the building only and all other asset depreciation, including the sports floors, seating, all sports fit out items and the all weather athletics track met by the Waitakere Regional Sports Trust. It is proposed that the Council accounts for this in their books by way of rating for it and the Waitakere Regional Sports Trust would only draw on it for renewals and replacement works through the Annual Plan process.

The cost of the building depreciation as identified in the financial model is \$289,165.

The Waitakere Regional Sports Trust intends financing their component of the depreciation cost (\$259,078) by seeking external funding at the time of the renewals.