

## 10. Northland Rugby Union Sporting Facility Proposal

**Reporting officer:** Simon Weston (Group Manager - Infrastructure and Services)

**Date of meeting:** 24 August 2016

### 1 Purpose

To update Council on the Northland Rugby Union's (NRU) proposal to build a sporting facility on William Fraser Memorial Park on Pohe Island (Pohe Island), and their request for \$850,000 funding towards the facility.

### 2 Recommendation/s

That Council

- a) offers, on a without prejudice basis to provide \$27,425 (plus GST) in the form of a grant this financial year as a contribution towards ground investigations at Pohe Island.
- b) confirms further requests for funding will be considered once a new estimate of costs has been received towards the NRU proposed facility at Pohe Island.
- c) continues to work with NRU to further their project on Pohe Island.

### 3 Background

Council resolved at its meeting of 26 March 2014 to progress negotiations with NRU/Old Boys Marist regarding several historical issues including support for their proposed development on Pohe Island.

Further to the 2016/17 Annual Plan submission processes, ongoing communication between staff and NRU has provided additional information in relation to their submission requesting an additional \$850,000 funding towards foundation costs for their proposed building.

NRU contend that Council should fund the foundation cost, however Council has always held the position that NRU were aware of the challenges associated with building on a disused landfill, and that the original proposal from NRU included piling, albeit at a lesser cost. The current position is that Council has not included any additional funding within the Annual Plan for this purpose. Council has however directed staff to provide further information regarding the NRU's proposal.

## 4 Further Information

A meeting was convened at Walton Plaza on 4 August 2016 between NRU and Council staff. The following matters were clarified:-

### a) Project Cost Estimate

The estimate for the project is \$4,030,000. This can be expressed as:-

\$3,180,000 Above ground works (Building etc)

\$850,000 Estimate for piled foundations

\$4,030,000 Total Estimated Cost

Concern has been expressed over the lack of detail within the NRU proposal, and this presents a significant risk for Council. If NRU commence the project and funding is insufficient, NRU may turn to Council for further funding to complete the project. This has occurred on similar projects in the past, and is to be avoided.

When this issue was raised with NRU they commented that they would be willing to 'underwrite' any additional funding required to complete the project. If any additional funding is underwritten to the satisfaction of Council, this removes a significant area of risk. The detail surrounding this 'underwriting' will need to be resolved before a final agreement can be reached.

It is recommended Council confirms that the project is to be underwritten by NRU prior to commencement of the project.

### b) NRU Request for Funding

NRU contend that they are willing to fund all the 'above ground' costs, if Council is willing to fund the foundations (piling, pile caps etc). NRU's current estimate for this work is \$850,000.

During the meeting an NRU representative involved with piling works at Golden Bay (Work undertaken by Fletcher Construction) commented that he estimated the cost for the NRU building foundations to be in the order of \$500,000. However, geotechnical investigations are required to confirm the actual works required, and to provide a more accurate estimate of cost.

NRU have obtained an offer of service from Fraser Thomas Limited consulting engineers to undertake the ground investigation for \$54,850.00 plus GST. NRU have asked Council to pay for the investigation. Council has the following options:-

- a) Decline to offer any further funding for the project.
- b) Offer (at this stage in the project) to provide 50% funding towards the cost estimate for undertaking the geotechnical investigation of the site, so that an accurate cost estimate can be obtained for the proposed piling works. It is suggested that this be on a 'without prejudice' basis and based on the NRU funding the remaining costs associated with the investigation, and NRU assuming all responsibility for the investigation.
- c) Council offering to fund all the proposed geotechnical investigation.

It is recommended that Council offer 50% as a contribution towards the Fraser Thomas investigation, fixed at \$27,425 plus GST (50% of \$54,850 plus GST). This will be funded through existing operational budgets.

By agreeing to this, Council will show 'willingness' to see the project completed, and it will also enable NRU to have some 'skin in the game'.

However, it should be acknowledged that this is a minor contribution considering their request is for the physical works.

### c) Project Funding

NRU / Old Boys Marist have successfully secured funding for their project from a number of sources as shown within Table 1.

Table 1 – Funding for the NRU Building on Pohe Island

<b>Funding Source</b>	<b>Amount</b>
Foundation North	\$1,400,000 Confirmed
Old Boys (ex WDC)	\$450,000 Confirmed
NRU	\$50,000 Confirmed
NZ Lotteries	\$750,000 Confirmed
Total Secured Funding	\$2,650,000 Confirmed
<b>Other Funding</b>	
Pub Charity (Pending)	\$600,000 Still Pending – to be applied for during construction
Loan	This may cover 'Pub Charity' should reduced funding be received.
WDC – Requested Funding	\$850,000 Pending

If NRU are successful with their application to 'Pub Charity', they will have \$3,250,000. If foundation costs are (say) \$500,000, the shortfall will be \$430,000. Council will at this stage be in a position (assuming all other NRU requirements having been fulfilled) to make a decision regarding any additional funding for the project.

## **5 Conclusion**

Council has invested significantly into developing high quality sand fields on Pohe Island. Pohe Island is a large recreational space with peaks and lulls in activity. A facility that encourages more activity and a greater range of users throughout the week will enliven the surrounding park, improve people's perception of safety and support other passive recreation on the reserve.

Progressing the proposal will also resolve a number of historical issues covered within the Council Agenda of March 2014.

Council offering to contribute 50% towards the foundation investigation will assist with ongoing negotiation and enable a realistic estimate of foundation costs. Once the foundation estimate is available, Council will be in a better position to assess the request for a further contribution from Council.

Should Council offer further funding it should be by way of a Grant with no liability being attached to the project (ie NRU fully underwriting the project).

## **6 Significance and engagement**

The 2013 Reserve Management Plan for William Fraser Memorial Park on Pohe Island provides for rugby clubrooms to be established in the location currently proposed. The draft reserve management plan including the proposed rugby clubrooms proposal was publicly notified under a Reserves Act process.