

## **CONFIDENTIAL MEMORANDUM**

**TO:** Sport and Recreation Committee

**MEETING DATE:** 16 September 2019

**TITLE:** Artificial football turf - Financial Assessment

**PRESENTED BY:** Julie Macdonald - Strategy & Policy Manager and Kathy Dever-Tod - Parks and Reserves Manager

**APPROVED BY:** Sheryl Bryant, General Manager - Strategy & Planning  
Tom Williams, Chief Infrastructure Officer

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It is recommended that this report be considered with the public excluded, as permitted by the Local Government Official Information and Meetings Act 1987 under clause:

**s7(2)(b)(ii) Third Party Commercial**

### **REASON FOR CONFIDENTIALITY**

The reason for this report to be confidential is  
The 'Financial Assessment of the Proposed Football Surface' by Recreation, Sport and Leisure Consultancy (Attachment 1) includes financial information of third party organisations that submitted proposals to Council for the artificial football turf.

### **RECOMMENDATION FOR PUBLIC RELEASE**

That the decision be released following Council on 23 September 2019.

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### **RECOMMENDATION(S) TO COUNCIL**

- 1. That the Council receives the report 'Financial Assessment of the Proposed Football Surface' by Recreation, Sport and Leisure Consultancy as provided in Attachment 1.**
- 2. That the Council defer a decision on a preferred location for the artificial football turf until further work is undertaken as detailed in the Recreation, Sport and Leisure Consultancy Financial Assessment report (Attachment 1).**
- 3. That a portion of the \$83,000 budget for artificial football turf design and consenting (refer programme #1133 for the 2019/20 year) is reallocated to fund the recommended needs analysis and feasibility work in the Recreation, Sport and Leisure Consultancy report.**
- 4. That the investment decision-making process (adopted by Council) in the Manawatū-**

**Whanganui Regional Sport Facility Plan (RSFP) guides future actions relating to this project.**

- 5. That the assessment team is thanked for their work and informed that the RSFP investment decision-making process will guide the future process steps.**
- 6. That any decisions arising from this report are released to Part I once Central Football, Massey University and Central Energy Trust Arena representatives have been advised of the next steps.**

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## **1. ISSUE**

1.1 At the March 2019 meeting of the Sport and Recreation Committee a recommendation was made to endorse a Council-appointed assessment team's site recommendation for an artificial football turf.

1.2 Following deliberations, Council resolved:

*"That the decision on the Artificial Football Turf be deferred until a financial assessment is conducted on both site options, and discussions are undertaken with Central Football and that the Assessment team evaluate the assessment and discussion and that the Chief Executive be instructed to report back to the Committee".*

1.3 This report presents the Financial Assessment that was carried out on potential turf sites at the Central Energy Trust Arena and Massey University and recommends next steps.

## **2. BACKGROUND**

2.1 Demand for an artificial football turf has been expressed by the football community for many years through the Central Football Federation, football's regional organisation representing the Central North Island. The Central Football Federation successfully lobbied, through a submission to Council, to develop an artificial turf with budgets subsequently included in the Council's 10 Year Plan (2015-25). A key driver for this project was the prospect of Central Football accessing a significant proportion of the cost of the turf through 'Facility Forward' funding through football's international governing body, FIFA.

2.2 The current 10 Year Plan re-prioritised the funding allocation for this project, moving the construction budget to 2021/22 (from 2020/21). There is \$83,000 budgeted for design and consenting this year.

2.3 The site selection process was undertaken by the assessment team in late 2018. At the March 2019 meeting of the Sport and Recreation Committee, staff, on behalf of

the assessment team, recommended the Central Energy Trust Arena as the preferred site for the artificial turf.

- 2.4 At that same meeting Central Football representatives made public comment and expressed concerns about the process and lack of engagement with them on the venue decision.
- 2.5 As described above, the Council decided that further investigation of the financial aspects of the proposed turf was warranted prior to deciding about the location of the turf.
- 2.6 In May 2019 the Mayor and the Chair of the Sport and Recreation Committee met with the Chief Executive Officer and Special Projects Manager of Central Football to discuss the site selection process and their concerns. Staff, along with RSL consultants, also met with Central Football staff as part of the compilation of the Financial Assessment.

### **3. FINANCIAL ASSESSMENT**

- 3.1 Recreation, Sport and Leisure (RSL) Consultancy was commissioned to prepare the Financial Assessment based on a scope of works provided by staff. The report is included as Attachment 1.
- 3.2 The purpose of the report is to provide an independent assessment of the financial implications of the two proposals presented to Council. Specific matters that this report addresses are:
  - The capital and on-going costs for the proposed turf facility at both Massey University (Massey) and Central Energy Trust Arena (CETA) sites.
  - Analysis of the ability to raise the balance of the capital costs for the project (likely to be in the order of over \$1,000,000); this includes:
    - The challenges and opportunities for external funding for the project.
    - Some other options to fund the project.
  - Assessment of financing and risk e.g. impact on rates over time, risks to PNCC or an external partner in terms of asset management. Identification of any process gaps that are considered as risks to the project.
- 3.3 The RSL report recommends that Council **defer a decision on the location of a second artificial turf until:**
  1. *“An independent needs analysis has been undertaken which can consider the current and future demand for both grass and artificial sports fields, while also*

*considering the impact of the first artificial turf at CETA on the needs of the community.*

2. *Once completed PNCC will be in a better position to determine what quantity and types of fields are necessary to meet identified need. This will help address if any new turfs are either multi-purpose or football specific.*
3. *The results of this analysis, combined with the existing financial information, the two proposals and any other relevant information would inform an independent feasibility study.*
4. *This can then be taken back to the assessment committee for consideration, with the view to making a recommendation to PNCC on whether to proceed with funding an artificial turf or not, and if so, the preferred site."*

3.4 Staff support the conclusions made in the RSL report and recommend that a decision on the location of the turf is deferred and the process steps (outlined above in 3.3) guide the next phases of the project.

3.5 While the assessment team members have reviewed the RSL report, they have not reached a consensus on the consultant's recommendations.

#### **4. OVERALL ANALYSIS**

4.1 The Financial Assessment highlights that there have been some significant developments over the course of this project, particularly since the Council made a financial provision through Central Football's 2015 LTP submission. These include:

- Impacts of a new artificial turf (multi-code) being constructed at the Central Energy Trust Arena as part of the implementation of the Arena Master Plan.
- Confirmation by New Zealand Football that the FIFA funds are no longer available to be applied for (this represented a significant proportion of the funding contribution initially indicated by Central Football in 2015).
- Access to external funding for these types of facilities becoming challenging due to several factors.

4.2 In addition, the release of the Manawatū-Whanganui Regional Sport Facility Plan (RSFP) in March 2018 led to Council's adoption of the decision-making process within this plan to guide future sport facility investment. This process mirrors the needs analysis and feasibility work stages recommended in the Financial Assessment. It is noted that the RSFP recommended that 'a needs analysis and feasibility assessment to investigate the need for and viability of multi-code artificial turf/s in Palmerston North.'

**5. NEXT STEPS**

- 5.1 It is recommended that the Council commission an independent needs analysis that considers the current and future demand for both grass and artificial sports fields, while also considering the impact of the first artificial turf at Central Energy Trust Arena on the needs of the community.
- 5.2 Staff also consider that is appropriate to use the investment decision-making process (adopted by Council) in the Regional Sport Facility Plan (RSFP) to guide future actions relating to this project.

**6. COMPLIANCE AND ADMINISTRATION**

Does the Committee have delegated authority to decide? If Yes quote relevant clause(s) from Delegations Manual <Enter text>	<b>No</b>
Are the decisions significant?	<b>No</b>
If they are significant do they affect land or a body of water?	<b>No</b>
Can this decision only be made through a 10 Year Plan?	<b>No</b>
Does this decision require consultation through the Special Consultative procedure?	<b>No</b>
Is there funding in the current Annual Plan for these actions?	<b>Yes</b>
Are the recommendations inconsistent with any of Council’s policies or plans?	<b>No</b>
The recommendations contribute to Goal 2: A Creative and Exciting City	
The recommendations contribute to the outcomes of the Creative and Liveable Strategy	
The recommendations contribute to the achievement of action/actions in the Active Community Plan	
The action is: Facilitate sports code-led developments where there is demonstrated community benefit.	
Contribution to strategic direction	The financial assessment has identified that there are process steps that need to be undertaken to progress this code-led proposal for an artificial football turf. A key aspect that needs to be addressed is demonstration of community need and benefit. Without demonstration of need, the financial assessment has identified that the ability to access external funding will be a constraint and this presents a risk to the project.

**ATTACHMENTS**

1. Financial assessment of the Proposed Artificial Football surface - report to PNCC by RSL Consultants - August 2019