

## **Christchurch City Council**

### **SUPPLEMENTARY AGENDA**

---

#### **Notice of Meeting:**

An ordinary meeting of the Christchurch City Council will be held on:

**Date:** **Thursday 12 August 2021**  
**Time:** **9.30am**  
**Venue:** **Council Chambers, Civic Offices,  
53 Hereford Street, Christchurch**

---

#### **Membership**

Chairperson	Mayor Lianne Dalziel
Deputy Chairperson	Deputy Mayor Andrew Turner
Members	Councillor Jimmy Chen
	Councillor Catherine Chu
	Councillor Melanie Coker
	Councillor Pauline Cotter
	Councillor Mike Davidson
	Councillor Anne Galloway
	Councillor James Gough
	Councillor Yani Johanson
	Councillor Aaron Keown
	Councillor Sam MacDonald
	Councillor Phil Mauger
	Councillor Jake McLellan
	Councillor Tim Scandrett
	Councillor Sara Templeton

---

**10 August 2021**

#### **Principal Advisor**

Dawn Baxendale  
Chief Executive  
Tel: 941 6996

Samantha Kelly  
Team Leader Hearings and Committee Support  
941 6227

samantha.kelly@ccc.govt.nz

[www.ccc.govt.nz](http://www.ccc.govt.nz)

Note: The reports contained within this agenda are for consideration and should not be construed as Council policy unless and until adopted. If you require further information relating to any reports, please contact the person named on the report.

Watch Council meetings live on the web:

<http://councillive.ccc.govt.nz/live-stream>



## TABLE OF CONTENTS

28. Resolution to Include Supplementary Reports.....	4
29. Advice on Notice of Motion.....	5
23. Resolution to Exclude the Public.....	27

---

## 28. Resolution to Include Supplementary Reports

---

### 1. Background

- 1.1 Approval is sought to submit the following report to the Council meeting on 12 August 2021:
  29. Advice on Notice of Motion
- 1.2 The reason, in terms of section 46A(7) of the Local Government Official Information and Meetings Act 1987, why the report was not included on the main agenda is that it was not available at the time the agenda was prepared.
- 1.3 It is appropriate that the Council receive the report at the current meeting.

### 2. Recommendation

- 2.1 That the report be received and considered at the Council meeting on 12 August 2021.
  29. Advice on Notice of Motion

## 29. Advice on Notice of Motion

Reference Te Tohutoro: 21/1120530

Report of Te Pou Matua:

General Manager

Mary Richardson – General Manager Citizens & Community

Pouwhakarae:

### 1. Purpose of the Report Te Pūtake Pūrongo

- 1.1 This report provides advice regarding the Notice of Motion to increase seating capacity of the Canterbury Multi Use Arena, including:
  - 1.1.1 Clarification of the current position and options;
  - 1.1.2 Advice on the Proposed Motions;
  - 1.1.3 Construction Cost Estimates for the Response Team Option 1 (RT1) design with increased seating capacity, including 27,500 seating capacity and 30,000 seating capacity;
  - 1.1.4 Operational and economic impact of increased seating capacity;
  - 1.1.5 Impact on rates and debt ratio; and
  - 1.1.6 Funding options.

### 2. Key Points

- 2.1 Council was notified of a significant increase in the Contractor's Design & Construct (D&C) Contract Price Estimate in late June 2021. A Staff Response Team (from Council and Venues Ōtautahi) worked with BESIX Watpac NZ (CMUA) Limited (Kōtui) and project consultants to identify design alternatives.
- 2.2 Two options were identified and presented to the Mayor and Councillors in a series of briefings and a report to Council (22 July 2021). One option (RT1) required a scope change to 25,000 seating capacity and the other option (RT2) required a budget increase of approximately \$7.5M.
- 2.3 There were no requests at the Council briefings or from individual Councillors for alternative over-budget options prior to the Council Meeting (22 July 2021).
- 2.4 Information on a RT1 design with 30,000 seating capacity could have been available for the briefings and the Council Meeting if there had been any indication it was desired. It is now provided in this report (see section 6).
- 2.5 The financial information provided to the Council meeting on 22 July 2021 was correct.
  - 2.5.1 To maximise the funding available for construction, amendments to the budget breakdown for the RT1 and RT2 options were proposed, including reductions in the governance and management costs and the removal of rates and land purchase components.
  - 2.5.2 The Response Team did not amend the cost estimates for the Base Schemes (and Value Managed Scheme) because these were developed by a Qualified QS (Independent Price Verifier) – it would not be appropriate for staff to amend a QS estimate. The Base Case also had significant operational issues (see section 3.7 to 3.11).

- 2.5.3 The differences in the RT1 and RT2 budgets compared to the Base Case Scheme estimates were discussed in detail at briefings, and a formal resolution noted that there were amendments in the proposed budget breakdown (see section 3.7 to 3.11).
- 2.6 Notice of Motion 1 proposes to increase the seating capacity of RT1 to 30,000 for the agreed Maximum Design & Construct (D&C) Contract Price.
- 2.6.1 BESIX Watpac and an Independent QS (AECOM) have identified that it would not be possible to construct an arena with the fundamentals outlined in the motion for the current Maximum D&C Contract Price.
- 2.6.2 The Maximum D&C Contract Price would need to be increased (see Section 6).
- 2.7 Notice of Motion 2 proposes that if the motion to increase seating capacity is lost, then BESIX Watpac be instructed to undertake a parallel Preliminary Design process.
- 2.8 Running a parallel process would increase costs and potentially delay the delivery of the Multi Use Arena. It would add complexity and risk to the project (see Section 5).
- 2.9 Any additional financial investment should be applied to the construction cost as this would avoid potential delays, help manage cost risks and could increase scope.
- 2.10 BESIX Watpac has provided some rapid advice on increasing seating capacity in the RT1 Design Option (see Section 6):
- 27,500 seats would require a D&C Contract Price estimated increase of ≈\$10M
  - 30,000 seats would require a D&C Contract Price estimated increase of ≈\$50M.
- 2.11 The cost estimates and risk estimates are preliminary estimates. More clarity of costs and risk contingency will be obtained as we progress through further design phases. There will not be cost certainty until Developed Design is completed and BESIX Watpac submit a fixed D&C Contract Price.
- 2.12 Assessment of the Operational Impact of increased seating suggested that RT1@30 could reduce the required level of operating subsidy and bid funding. It also suggested that RT1@30 would provide a better competitive advantage, particular for sporting codes such as the All Blacks (see Attachment 2).
- 2.13 Assessment of the Economic Impact indicated a possible increase in \$12.5 million GDP across a 10 year period (see Attachment 1).

### 3. Background Ngā Mōhiohio

#### Previous Advice to Council

- 3.1 In late June 2021, the Council was notified that there was a significant increase in the Contractor's D&C Contract Price Estimate based on the current design and scope (Base Case scheme). This notification of the price increase was received after LTP 2021-2031 was confirmed.
- 3.2 The Base Case scheme had unresolved issues regarding holding both large scale and reduced mode concerts for turf health, which would impact on Opex/Whole of Life (WOL) costs.
- 3.3 A Staff Response Team (from Council and Venues Ōtautahi) worked with BESIX Watpac NZ (CMUA) Limited (Kōtui) and project consultants to identify design alternatives which would bring the project back in budget while minimising the impact on the Investment Case assumptions and Project Fundamentals agreed in the Funding Agreement.

- 3.4 Two options (RT1 and RT2) were identified and presented to Council in briefings and in a report to Council (22 July 2021). These are summarised in Table 1 below.
- 3.5 There were no requests at Council briefings or from individual Councillors for alternative over-budget options prior to the Council Meeting (22 July 2021).
- 3.6 The information included in this report would have been available at or before the Council Meeting (22 July 2021), if there had been a request for an alternative over-budget option.

**Table 1: Summary of Options in Report to Council (22 July 2021)**

Scheme	Description	Estimate
<b>Investment Case</b>	<ul style="list-style-type: none"> <li>☐ Covered arena - that allows for year-round events;</li> <li>☐ Minimum 25,000 permanent seats</li> <li>☐ Up to 36,000 concert mode capacity</li> <li>☐ Acoustic quality - a key to providing a viable facility. It must host premium events on a regular basis and must be designed to manage the acoustic quality.</li> <li>☐ A covered arena with an Ethylene tetrafluoroethylene (ETFE) roof</li> <li>☐ Permanent in-situ turf</li> </ul> <p>There was no level 1 concourse included in this concept.</p> <p>The Council resolution 12 December 2019 noted that the design would allow for the use of approximately 5000 additional temporary seats in the future.</p>	\$483,165,830
<b>Funding Agreement</b>	<ul style="list-style-type: none"> <li>☐ A roof that covers the entire arena.</li> <li>☐ A minimum of 22,500 permanent seating capacity.</li> <li>☐ Multi use, being that the predominant “mode” is an indoor arena, not a sports field or a stadium within which other events need to be tolerated, and capable of hosting:                             <ul style="list-style-type: none"> <li>○ Turf based sports</li> <li>○ Non-turf based sports and events</li> <li>○ Non-event day functions</li> </ul> </li> </ul>	N/A
<b>Base Case Concept Design</b>	<p>Design and budget as provided by CMUA project (verified by an independent <i>Qualified QS Price Verifier</i>)</p> <ul style="list-style-type: none"> <li>☐ 30,000 sports mode seating capacity:</li> <li>☐ 36,000 large concert mode capacity</li> <li>☐ All the concert staging on the field of play</li> <li>☐ Level 1 concourse</li> <li>☐ Three functional lounges</li> <li>☐ Unresolved issues regarding both large scale and reduced mode concerts for turf health, which would significantly impact on Opex/Whole of Life (WOL) costs.</li> </ul>	<p>\$614,567,194</p> <p>Variance to budget (\$131,401,364)</p>
<b>Post VM Base Case Concept Design</b>	<p>Design and budget as provided by CMUA project (verified by an independent <i>Qualified QS Price Verifier</i>)</p> <ul style="list-style-type: none"> <li>☐ 30,000 sports mode seating capacity</li> </ul>	\$ 571,964,122

	<ul style="list-style-type: none"> <li>□ 36,000 large concert mode capacity</li> <li>□ All the concert staging on the field of play</li> <li>□ Level 1 concourse</li> <li>□ Three functional lounges</li> <li>□ Unresolved issues regarding both large scale and reduced mode concerts for turf health, which would significantly impact on Opex/Whole of Life (WOL) costs.</li> </ul>	Variance to budget (\$88,798,292) <sup>1</sup>
RT1	<ul style="list-style-type: none"> <li>□ 25,000+ sports seating capacity total (Permanent &amp; Temporary)</li> <li>□ 35-36,000 full concert mode; stage off turf</li> <li>□ Level 1 U-shaped concourse</li> <li>□ Level 3 remains to West</li> <li>□ Maximum premium seating and corporate spaces and optimal seating comfort.</li> </ul>	\$483,264,561
RT2	<ul style="list-style-type: none"> <li>□ 30,000 sports seating capacity total (Permanent &amp; Temporary)</li> <li>□ 40,000 full concert mode; stage off turf</li> <li>□ No Level 1 concourse</li> <li>□ Maximum premium seating and corporate spaces and optimal seating comfort.</li> </ul>	\$ 490,664,633

#### Financial Information provided 22 July 2021

- 3.7 The financial information provided to the Council meeting on 22 July 2021 was correct.
- 3.8 To maximise the funding available for construction, amendments to the budget breakdown for the RT1 and RT2 options were proposed, including reductions to governance and management costs and removal of rates and land purchase components.
- 3.9 Councillors were fully briefed on the differences in the Base Scheme estimates and the RT1 and RT2 options:
- 3.9.1 Proposed amendments in RT1 and RT2 governance, management and other budget elements were examined in detail in briefings prior to the Council Meeting.
  - 3.9.2 RT1 and RT2 governance and management budgets were compared to Base Case budgets in these briefings.
  - 3.9.3 The removal of rates and land cost components was identified and explained.
  - 3.9.4 Councillors sought assurance that the proposed amendments would not impact on project delivery.
  - 3.9.5 Some Councillors requested, and were sent, the breakdown of changes/amendments.
- 3.10 The Response Team did not amend the cost estimates for the Base Schemes (and VM Scheme) because these were developed by a Qualified QS (Independent Price Verifier) – it would not be appropriate for staff to amend a QS estimate.
- 3.11 It is possible that if the savings in the governance, management and other costs in RT1 & RT2 were able to be made in the Base Case scheme, the cost over-run of the Base Case could be

<sup>1</sup> If governance and management savings were able to be made in this Base Case scheme, the project cost over-run could be reduced to just under \$67,245,096.



reduced to (\$67,245,096). However, given that neither staff nor Councillors proposed the Base Case in the Council meeting or the Notice of Motion this is somewhat immaterial.

#### Council Resolution 20 July 2021

- 3.12 On 22 July 2021, Council resolved that BESIX Watpac NZ (CMUA) Limited (Kōtui) be instructed to develop a Preliminary Design within a revised Maximum Design & Construct (D&C) Contract Price and with a minimum sports mode seating capacity of 25,000.
- 3.13 Council also agreed that BESIX Watpac NZ (CMUA) Limited (Kōtui) be instructed to look for design refinements and efficiencies to enable additional seating capacity (greater than 25,000) within the Maximum D&C Contract Price without compromising the other fundamentals. There was a desire that the capacity reach 27,500 seats.
- 3.14 It was noted that further design phases would give further clarity and certainty of costs and risk contingency.

#### 4. Advice on Notice of Motion 1 (Motion 1) – Increase seating capacity to 30,000

*“That the Council:*

1. *Agrees that BESIX Watpac NZ (CMUA) limited (Kotui) be instructed to develop a Preliminary Design:*
  - (a) *within the agreed Maximum Design & Construct (D&C) Contract Price;*
  - (b) *with design fundamentals, including an ethylene tetra fluoro ethylene (ETFE) roof, permanent in-situ natural turf, quality acoustics, level 1 concourse, and multi-purpose functionality;*
  - (c) *which has a minimum seating capacity of 30,000 (including a minimum of 25,000 permanent seats);”*

#### Staff Advice

- 4.1 BESIX Watpac and an Independent QS (AECOM) have identified that it would not be possible to construct an arena for the current Maximum D&C Contract Price with the design fundamentals outlined in the motion.
- 4.2 It would be imprudent to proceed with this motion without amending the Maximum D&C Contract Price.
- 4.3 The Maximum D&C Contract Price would require an estimated increase of \$50 million (see sections 6.1 to 6.8 below).

#### 5. Advice on Notice of Motion 2 (Motion 1 & 2) Parallel Preliminary Design

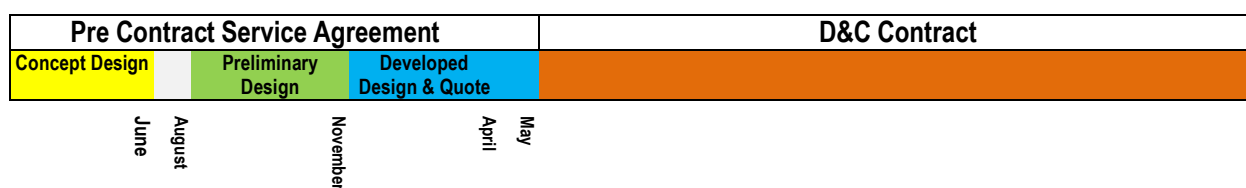
*“That the Council:*

1. *Agrees that BESIX Watpac NZ (CMUA) Limited (Kotui) be instructed to develop a Preliminary Design with a minimum seating capacity of 30,000 (including a minimum of 25,000 permanent seats) in parallel with the current Preliminary Design agreed to by the Council in its 22 July 2021 resolution (CNCL/2021/00109).*
2. *Notes the parallel Preliminary Design process will impact on the overall Project budget.”*

#### Staff Advice

- 5.1 Running a parallel process would increase costs and potentially delay the delivery of the Multi Use Arena. It would add complexity and risk to the project.

Figure 1: Pre Contract Service Agreement Process



- 5.2 BESIX Watpac and AECOM have provided Rough Order of Magnitude Estimates to:
  - 5.2.1 Continue a parallel design process through to the end of Preliminary Design \$7M-9M.
  - 5.2.2 Continued a parallel design process through to Developed Design and prepare a final quotation \$18M-22M.
- 5.3 If BESIX Watpac could not upscale resources immediately there is indicatively a risk of up to six months delay. A delay of six months would equate to an escalation cost of circa \$6M.
- 5.4 If Council wishes to invest a further \$7 to \$22 million in the project, it should be applied to the construction cost as this would avoid potential delays, help manage cost risks and could increase scope.

## 6. Estimate of Construction Cost of Increased Seating Capacity

- 6.1 BESIX Watpac were asked to provide some rapid advice on:
  - 6.1.1 Maximising seating capacity in RT1 as per the Council resolution on 22 July 2021.
  - 6.1.2 Estimated costs of refining the new design to accommodate 30,000 seats.
- 6.2 BESIX Watpac has provided the estimated cost associated with additional seats in the RT1 design (in Table 2 below).
- 6.3 The cost estimates and risk estimates are preliminary estimates. More clarity of costs and risk contingency will be obtained as we progress through further design phases. There will not be cost certainty until Developed Design is completed and BESIX Watpac submit a fixed D&C Contract Price.
- 6.4 The BESIX Watpac estimates include a 3% escalation allowance. As previously indicated to Council in the 22 July 2021 report and PX Finance paper, there is a risk that this is not sufficient. There are also financial risks not captured within the contingency figure prepared by AECOM. AECOM has suggested the potential exposure from these is between \$10M-\$30M. We are working with AECOM and BESIX Watpac to quantify these risks with more accuracy.
- 6.5 Table 2 includes an estimate of the potential exposure from increased escalation and other risks not allowed for or anticipated. This highlights that, even in the absence of additional seats, there are likely additional costs due to escalation and financial risks that Council would need to address.

Table 2: Cost Estimates for Additional Seating in RT1

	Sports mode seating	BESIX Watpac Construction Price Estimate (including 3% Escalation)	Additional Exposure (6% Escalation and not allowed for or anticipated risks)
<b>RT1@25</b>	25,000 seats	\$396M D&C Estimate	\$24.6M additional exposure if 6% escalation

			+ \$10-\$30M if other un-allowed for or anticipated risks materialise
<b>RT1@27.5</b>	27,500 seats	\$406M D&C Estimate  <b>Additional \$10M</b>	\$25.4M additional exposure if 6% escalation + \$10-\$30M if other un-allowed for or anticipated risks materialise
<b>RT1@30</b>	30,000 seats	\$446M D&C Estimate  <b>Additional \$50M</b>	\$27.8M additional exposure if 6% escalation + \$10-\$30M if other un-allowed for or anticipated risks materialise

- 6.6 It is important to recognise that the quantum of permanent seats drives the size of the facility, as circulation space, toilet facilities, food and beverage amenities etc. are based on the number of permanent seats.
- 6.7 The key explanation for the forecast cost increase for 30,000 seats in the RT 1 option is that the 5,000 additional seats has the following impacts:
- 6.7.1 Roof increases disproportionately because of increased span required over the additional seats and concourse areas;
- 6.7.2 Concourse widths increase to accommodate the additional seat numbers;
- 6.7.3 Food and Beverage (F&B) outlets exist in both cases, but width to go around the concourse increases to accommodate the additional seats' circulation, again this increases the roof span;
- 6.7.4 North concourse required for the 5,000 additional seats and therefore temporary seats sit on top of the Level 1 concourse which increases the roof as mentioned above;
- 6.7.5 The seismic resilience design of the roof facilitates a curved design that contributes to a curvature to span over the additional seat numbers making it disproportional;
- 6.7.6 Stair widths increase substantially to the north, requires two entry points, two equitable access lifts and additional stairs structures outside footprint;
- 6.7.7 Rigging truss required to 30,000 option as no rigging truss required to North Stage pocket. The rigging truss increases the roof loading and member sizes for increased span, again increases member sizes disproportionately to seat numbers; and
- 6.7.8 Additional F&B and amenities required to North.
- 6.8 It is not possible for BESIX Watpac to provide an accurate estimate of the increased seating numbers if \$20 - \$26 million was applied to the construction price rather than being used for a parallel design process. However, it would likely be somewhere between 27,500 and 30,000. Notwithstanding the additional cost risks noted in Table 2 that may need to be met even under RT1@25.
- 6.9 **Note:** The new estimates for 30,000 seats in RT1 do not imply that the estimates for Base Case (30,000 seats) that were provided to Council in June and July 2021 were incorrect. These estimates differ to estimates for the Base Case scheme because there are significant differences in the RT1 design, including:
- 6.9.1 U-shaped Level 1 concourse – rather than a full circle concourse;
- 6.9.2 Main stage is off the turf.

## 7. Operational and Economic Impact of Increased Seating Capacity

### Economic Impact on Increased Seating Capacity

- 7.1 ChristchurchNZ has undertaken an analysis of the impact of an additional 5,000 seats in the RT1 option (see Attachment 1). It identified that:
  - 7.1.1 Metropolitan cities in New Zealand with greater than 25,000 seat capacity stadiums were hosting on average (Pre-COVID) 3 events per year that attracted 25,000+ seated attendance.
  - 7.1.2 The nett difference in GDP between a 25,000 and 30,000 seat venue was \$12.5 million GDP across a 10 year period – based on 4 events per year (2 sports events and 2 concerts/ year).
  - 7.1.3 The city will be able to attract and host events in either a 25,000 or 30,000 seat stadium, but is likely to attract more global event content.

### Operational Impact of Increased Seating Capacity

- 7.2 Venues Ōtautahi has undertaken an analysis of the impact of an additional 5,000 seats in the RT1 option based on its operating model and current environment (See PX Attachment 2). Venues Ōtautahi identified:
  - 7.2.1 RT1 and RT1@30 deliver all the core fundamentals.
  - 7.2.2 RT1 and RT1@30 both with a level one concourse deliver an enhanced guest experience and an increase in spend per head for larger events.
  - 7.2.3 The greater seating capacity that is provided under RT1@30, delivers a better competitive advantage, particularly for sporting codes such as the All Blacks.
  - 7.2.4 Increased capacity of RT1@30 delivers both increased commercial returns for the venue but also greater economic impact for the city, particularly associated with large concerts.
  - 7.2.5 Assessment of the Operational Impact of increased seating suggests that RT1@30 could reduce the operating subsidy required from \$4.7M under RT1 to \$4.6M under RT1@30.
  - 7.2.6 The level of bid incentive fund it also forecast to reduce under RT1@30.
  - 7.2.7 Analysis of the Investment Case and design alternatives remain subject to an independent peer review and final design outcomes.

### Cost Benefit Analysis of Increased Seating Capacity

- 7.3 It was not possible to undertake a Cost Benefit Analysis in the timeframe.

## 8. Impact on Rates and Debt Ratio

- 8.1 The below scenarios are based on adding the additional cost to FY24, which is the period in which most of council's contribution has been allocated in the LTP. Any change to this timing would impact the ratios as outlined below.

**Table 3: Rates Impact**

Different Scenarios	Cost	2023/24	2024/25
	\$	Rates Increase %	Rates Increase %
<b>Per Current LTP</b>		<b>5.42</b>	<b>5.37</b>
RT1 – 27,500 seats	\$10m	+0.02	+0.07
<b>New Proposed Increase - RT1@27,500 seats</b>		<b>5.44</b>	<b>5.44</b>
RT1 – 30,000 seats	\$50m	+0.07	+0.35
<b>New Proposed Increase - RT1@30,000 seats</b>		<b>5.49</b>	<b>5.72</b>

8.2 Please note under any scenario there is an additional risk of escalation of costs of between \$25m - \$28m (not included in rating increases above). This would add between 0.21% - 0.24% of additional rates increase.

**Table 4: Debt Headroom**

(\$m)	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Per LTP	627.5	502.0	450.6	490.7	499.6	532.4	597.9	692.5
RT1@27,500	617.8	493.9	442.9	483.4	492.6	525.7	591.5	686.5
RT1@30,000	578.8	461.7	412.0	454.0	464.6	499.1	566.2	662.4

8.3 **Note** the Debt Headroom ratio is not decreased by the total additional cost as it reflects increased rates revenue, but still above our debt headroom policy of \$400m.

**Table 5: Net Debt as Percentage of Total Revenue**

(%)	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Per LTP	224.0	234.2	236.5	235.0	235.8	234.5	230.4	224.6
RT1@27,500	225.1	235.1	237.2	235.7	236.5	235.1	231.0	225.1
RT1@30,000	229.2	238.4	240.3	238.5	239.0	237.4	233.1	227.1

## 9. Impact on Capital Programme

- 9.1 The additional funding required could be made through identifying efficiencies and saving across the capital programme.
- 9.2 An additional \$50 Million is 0.86% increase to the 10 year capital programme.
- 9.3 As discussed above, there is a risk that the 3% escalation included in the estimate is not sufficient. There is also a risk of additional unbudgeted escalation in the final Construction price. This could potentially add an additional cost (See Table 2). Even at the top end this would only be a slight increase to the 10 year programme.

## 10. Funding Options

- 10.1 The Notice of Motions identified options for funding to offset the additional cost associated with 30,000 seat capacity, including:
  - Sale of Orangetheory Stadium site
  - Additional Funding from Central Government
  - A capital and/or operational commitment from regional and neighbouring councils
  - A review of the Council's capital programme and identify savings from existing budgets to inform the draft 2022-23 Annual Plan.

### Staff Advice

- 10.2 It is unlikely that funding would be confirmed prior to the D&C contract being reported to Council (April/May 2022).
- 10.3 It would be important that if Council agrees to increase the scope of the Arena to 30,000 seats, it is prepared to underwrite the additional costs. If not, approximately \$20M and 8-9 months of work on the Design could be wasted and the Arena would be delayed again.
- 10.4 Council could sign the D&C contract on the understanding that if sufficient funding was not found, then funding would be found from the capital programme or through the Annual Plan process.
- 10.5 There is a concerted effort to identify additional funding. Staff are initiating the following actions:
  - 10.5.1 Discussions with staff at neighbouring Councils;
  - 10.5.2 Discussions with staff at the Regional Council;
  - 10.5.3 Exploring commercialisation options; and
  - 10.5.4 Exploring funding strategies

### OrangeTheory Stadium

- 10.6 The land under the Temporary Christchurch Stadium was valued in June 2021 by Bayleys Limited and assigned a book value of \$2.6 million. The market value is being sourced and will be provided to the Mayor and Councillors as soon as it is available.
- 10.7 The valuation of the land is likely to change over the next 5 years. A new valuation should be sought prior to sale.

### Central Government Funding

- 10.8 Crown has reiterated that no further Crown funding will be made available beyond the \$220m, which is the amount Council has allocated from the CRAF to the CMUA project. This is consistent with the Funding Agreement signed with Crown last year.
- 10.9 The Crown has already made a significant contribution to this project:
  - \$10M land decontamination;
  - \$220M Stadium Project<sup>2</sup>;
  - Funding of the Investment Case and Prefeasibility Study; and
  - Cost of the land purchase.

## 11. Is the decision in the Notice of Motion a significant decision?

- 11.1 Staff believe that an increase of \$10 Million or \$50 Million across the construction period would not be a significant decision, based on:
  - \$50 Million is only a small percentage increase to the 10 year capital programme;
  - If no alternative funding or savings are found, the rates impact is only +0.07 in 23/24 and +0.35 in 24/25;

<sup>2</sup> The Funding Agreement notes that Council has allocated \$220,000,000 from the CRAF for the CMUA project. This may be adjusted within the CRAF envelope, by Council following consultation with the Crown, up to an amount not exceeding \$300,000,000 (the Crown Funding Limit).



- Debt ratios remains above the policy of \$400m; and
- Note that there is a risk of additional unbudgeted escalation in the final Construction price on any option adopted.

11.2 Council has a good understanding of the views of the community which have been expressed or reflected in the Investment Case, the Prefeasibility Studies, submission to several LTPs and Annual Plans and the recent Petition and Central City business survey.

## 12. Conclusion

- 12.1 It is critical that Contractors and staff have clear, unequivocal design direction to move to Preliminary Design as soon as possible.
- 12.2 It would not be prudent to continue to:
- Delay the programme
  - Divert staff and Contractor's time and resources away from the project.
- 12.3 The uncertainty and controversy will impact on cost, public confidence and ability to raise external funding.

## Attachments Ngā Tāpirihanga

No.	Title	Page
A  	CMUA Economic Impact Comparative Analysis	17
B	CMUA Response Team Options Analysis - Venues Otautahi - <b>CONFIDENTIAL</b>	

Additional background information may be noted in the below table:

Document Name	Location / File Link

## Confirmation of Statutory Compliance Te Whakatūrutanga ā-Ture

Compliance with Statutory Decision-making Requirements (ss 76 - 81 Local Government Act 2002).

(a) This report contains:

- (i) sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages; and
- (ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.

(b) The information reflects the level of significance of the matters covered by the report, as determined in accordance with the Council's significance and engagement policy.

### Signatories Ngā Kaiwaitohu

<b>Author</b>	Mary Richardson - General Manager Citizens & Community
<b>Approved By</b>	Mary Richardson - General Manager Citizens & Community

























---

## 23. Resolution to Exclude the Public

---

*Section 48, Local Government Official Information and Meetings Act 1987.*

I move that the public be excluded from the following parts of the proceedings of this meeting, namely items listed overleaf.

Reason for passing this resolution: good reason to withhold exists under section 7.

Specific grounds under section 48(1) for the passing of this resolution: Section 48(1)(a)

### **Note**

Section 48(4) of the Local Government Official Information and Meetings Act 1987 provides as follows:

- “(4) Every resolution to exclude the public shall be put at a time when the meeting is open to the public, and the text of that resolution (or copies thereof):
- (a) Shall be available to any member of the public who is present; and
  - (b) Shall form part of the minutes of the local authority.”

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public are as follows:

ITEM NO.	GENERAL SUBJECT OF EACH MATTER TO BE CONSIDERED	SECTION	SUBCLAUSE AND REASON UNDER THE ACT	PLAIN ENGLISH REASON	WHEN REPORTS CAN BE RELEASED
29.	ADVICE ON NOTICE OF MOTION				
	ATTACHMENT B - CMUA RESPONSE TEAM OPTIONS ANALYSIS - VENUES OTAUTAHU	S7(2)(B)(II), S7(2)(H)	PREJUDICE COMMERCIAL POSITION, COMMERCIAL ACTIVITIES	PREJUDICE COMMERCIAL POSITION	INFORMATION CANNOT BE RELEASED AS IT CONTAINS COMMERCIAL SENSITIVE INFORMATION