

OPTIONS FOR THE REPLACEMENT OF THE HOCKEY TURFS AT LOGAN PARK

Department: Executive Leadership Team

EXECUTIVE SUMMARY

- 1 The Otago Hockey Association (1990) Incorporated (Otago Hockey), submitted to the draft 2023-24 Annual Plan, seeking a funding grant of between \$685,000 to \$950,000 to replace the two artificial turfs at McMillan Hockey Centre at Logan Park.
- 2 Council asked staff to work with Otago Hockey to investigate options for the replacement of the hockey turfs and bring these options back in time for the 10 year plan 2024-34.
- 3 Council resolved at the meeting on 27 February 2024 to defer the 10 year plan 2024-34 and to prepare an Annual Plan for 2024/25.
- 4 This report updates Council on discussions held with Otago Hockey in relation to the replacement of artificial turfs at the McMillan Hockey Centre at Logan Park.
- 5 This report proposes that feedback be sought through the Annual Plan 2024/25 consultation process on Council's preferred option for funding the replacement of the hockey turfs at the McMillan Hockey Centre at Logan Park.
- 6 Staff will report back to Council with recommendations during deliberations on the Annual Plan 2024/25.

RECOMMENDATIONS

That the Council:

- a) **Decides** on preferred option for the replacement of the hockey turfs at Logan Park.
- b) **Notes** that Council's preferred option will be added into the draft Annual Plan 2024/25 budgets for the purpose of consulting with the community.

BACKGROUND

History of the artificial turfs at Logan Park

- 7 Records indicate that a formal hockey competition was established in Dunedin during the late 19th century. Since then, and up until 1990, hockey was played on grass fields. The DCC was responsible for furnishing and upkeeping 28 grass playing fields for this purpose.

- 8 Due to the ongoing, variable condition of grass playing surfaces in Dunedin during winter and recognising the need for a more reliable and suitable playing surface, discussions about the introduction of artificial turfs gained momentum in the late 1980s.
- 9 There are typically two types of artificial hockey turfs, being sand-based and the more modern water-based surface. Water-based turfs are the preferred playing surface as the water lubricates the pitch, reducing friction and allowing for quicker and smoother play, giving the ball a true and uniform roll. The water is continuously recycled and reused through a recovery pump and irrigation system.
- 10 Following a meeting in April 1988, The Otago Artificial Surfaces Trust (the Trust) was established for the purpose of raising funds for the construction of an artificial hockey turf.
- 11 This facility would be Dunedin's first sand based artificial hockey surface comprising approximately 12,000m² to be sited at Logan Park. The surface was for the benefit of the public of Otago and to provide a multi-purpose sporting and recreation area. This development led to a reduction in the number of grass fields required from the DCC for hockey.
- 12 By 1990, the Trust, alongside Otago Hockey had completed the first turf, accessed via a footpath from Union Street. This development was achieved entirely by funding raised by the Trust.
- 13 Over the next few years, the Trust raised further funds, including a Council funding grant of \$175,000 and a loan of \$450,000 that was guaranteed by the DCC. This enabled the construction of a second turf, this time a water-based turf, in 1998. The onsite pavilion was also completed the same year. The facility is known as the McMillan Hockey Centre.
- 14 After the completion of the second turf and the pavilion, all hockey games transferred to the McMillan Hockey Centre. At this time, the hockey facilities were passed over from the Trust to Otago Hockey for ongoing management.
- 15 In 2009, the original sand-based turf was replaced with a second water-based turf.
- 16 Due to increasing player numbers, capacity issues emerged at the McMillan Hockey Centre. Otago Hockey managed these capacity issues until 2021, when a third artificial turf was constructed to meet growing demand, this time at King's High School and known as the Otago Community Trust King's Turf (OCTKT).
- 17 Otago Hockey have said that there are around 2700 registered competition hockey players in Dunedin.

Lease Agreement at Logan Park

- 18 DCC and the Trust entered a lease for the premises forming part of Logan Park which commenced on 1 July 1999 and expired on 30 June 2019. A Deed of Variation of Lease was entered to vary the boundary of land.
- 19 A new lease was entered between DCC and Otago Hockey for the land situated on part of Logan Park at 65 Harbour Terrace (Premises) on 21 September 2020. The lease is for a term of 15 years, commencing on 1 July 2020 and expiring 30 June 2035.
- 20 The annual lease cost for the 2023/24 year for the Premises including 35 carparks is \$9,518.20 + GST, being:

- Rent \$6,438.20 + GST
 - 35 carparks \$3,080.00 + GST
- 21 The lease provides for annual rent reviews in line with the percentage increase or decrease of the Council's general and community services rates.
- 22 In accordance with the lease, Otago Hockey must pay for all outgoing associated with the Premises, including building maintenance. The lease recognises that all buildings on the Premises are owned by Otago Hockey and also acknowledges that as at 1 July 2020 Otago Hockey owns all improvements located on the Premises including the building and associated facilities located on the Premises.
- 23 The lease provides that Otago Hockey may on the expiry of the Lease remove all or any of its improvements from the Premises on certain conditions. Otago Hockey may also be required by DCC to remove all or any of its improvements (including but not limited to drains, fencing and buildings) on written notice under the Lease.

Logan Park Reserve Management Plan

- 24 The McMillan Hockey Centre is located within the area known as Logan Park.
- 25 At its 27 April 2023 meeting, Council approved the Statement of Proposal to prepare a Reserve Management Plan for Logan Park.

Moved (Cr Andrew Whaley/Cr Jim O'Malley):

That the Council:

- a) **Approves** the Statement of Proposal and the Stage 1 Engagement Questions for Logan Park Recreation Reserve, and the commencement of the public consultation process required by section 41(5) of the Reserves Act 1977.

Motion carried (CNL/2023/090)

- 26 While Logan Park is a long-established sport and recreation space in Dunedin there is no site-specific reserve management plan for the space. Logan Park is currently managed under the General Policies Reserve Management Plan and the Sports Grounds Reserve Management Plan.
- 27 The development of Logan Park in the past has been ad-hoc, compromising the efficient and effective use of the available space. Council occasionally receives requests to develop discrete parts of Logan Park for specific uses, for example the establishment of a sports hub.
- 28 Users of Logan Park have suggested that the area would benefit from a management plan to enable a more integrated approach to the management and use of the area.
- 29 Development of a site-specific management plan for Logan Park will establish an overarching approach which outlines Council's role in the current and future planning, development, and management of the area. This will enable more informed and consistent decision making.
- 30 The development of a management plan will give the Council an opportunity to respond to the community's changing needs and requirements and will enable best practice models and trends to be considered.

Previous DCC Funding Arrangements

31 A summary of DCC funding for hockey turfs is shown in Table 1.

| Year | Type | Annual Amount | Term | Total Amount |
|--------------------------|---|-----------------------------|-------------------------|--------------------|
| 1998 | Funding Grant | N/A | One-off | \$175,000 |
| 2008 | Loan \$500,000 (principal plus interest - forgiven) | \$72,373.30 (incl interest) | 10 years | \$725,373 |
| 2012 | Funding Grant | \$30,000 | 10 years | \$300,000 |
| 2021 | Funding Grant (OCTKT) | \$500,000 | One-off | \$500,000 |
| 2021 | Funding Grant (OCTKT) | \$10,000 | 10 years (to June 2030) | \$100,000 |
| Total 1998 - 2030 | | | | \$1,800,373 |

Table 1 DCC Funding Grants for Hockey Turfs

32 In addition to the original funding grant of \$175,000 and underwriting of a \$450,000 loan in 1998, DCC has provided financial assistance in various forms over the years, to support Otago Hockey in the provision of the artificial turfs.

33 In 2008, Otago Hockey asked DCC for financial assistance to replace the original sand-based turf, which had worn out, with a new, water-based turf.

34 A report was presented to DCC's Community Development Committee at their meeting of 15 July 2008 outlining the urgency and the funding required.

Following discussion, it was moved (Butcher/Cull):

"1 That the Council loans Otago Hockey Association (Otago Hockey) \$500,000 for construction of a second water turf. The Loan Interest plus principal would be forgiven at a rate of \$76,355 pa for 10 years, subject to the Otago Hockey meeting criteria to be set out in a Service Level Agreement. The reduction in debt would begin in the 2008/09 year and would continue for 10 years.

2 That the over-expenditure of \$38,178 in the 2008/09 financial year is met by a reprioritisation or deferral of items in the 2008/09 Parks and Reserves Budget.

3 That from the 2009/10 year this debt forgiveness in Parks and Reserves be funded by an increase in rates. The total cost to ratepayers will be \$725,373 over the 10 years."

35 In 2012, Otago Hockey submitted to the draft 2012-22 Long Term Plan requesting funding for the replacement of the original water-based turf that had reached the end of its useful life.

36 The minutes of the Annual Plan Hearings of May 2012 reflect that:

xii) **Otago Artificial Surface Trust**

It was moved (Staynes/Noone):

"1 That an additional \$30,000 be included annually commencing in 2013/14 for a period of 10 years to assist the Otago Artificial Surface Trust to replace the worn out artificial turf situated at the Otago Hockey Facility at Logan Park.

- 2** *That staff work with the Otago Hockey Association to identify the best mechanism, up to \$30,000 pa, to achieve the upgrade of an artificial turf.*
- 3** *That Otago Hockey make the turf available to other sporting organisations when not required for hockey purposes."*

*Following discussion, the motion was **put and carried**.*

- 37 A new artificial hockey turf was constructed at King's High School in 2021. DCC provided Otago Hockey with a \$500,000 funding contribution towards the construction of this facility.
- 38 DCC also provides Otago Hockey with an annual funding grant of \$10,000 (ending June 2030) as a contribution towards maintenance of the King's Hockey Turf.

DISCUSSION

- 39 Supporting quality sport and recreation facilities is a key part of the Parks and Recreation Strategy 2017 - 2027.
- 40 The McMillan Hockey Centre provides for formal and casual hockey games, festival, tournaments, and training.
- 41 Otago Hockey estimate that during the hockey season, the turfs are booked for 130 hours per week, from early morning into the night. Outside of the hockey season, the turfs are used for a variety of sporting codes for organised training purposes, plus casual, informal use.
- 42 The two existing turfs were installed in 2009 and 2012 respectively. With a nominal life expectancy of 10 years, both turfs are now past their useful life and require replacement. Otago Hockey report that the playing surfaces on both turfs at the McMillan Hockey Centre are becoming difficult and costly to repair and increasingly dangerous to play on.
- 43 Otago Hockey have indicated that if the turfs are not replaced with urgency, they will be approaching DCC to request the preparation of up to 20 dedicated grass fields for junior and lower grade adult hockey to allow for the continuation of the sport at current participation rates.
- 44 There is an insufficient number of available DCC owned grass fields to accommodate hockey if this were to happen.

Economic Impact - Tournaments

- 45 In 2022, Dunedin hosted the National Hockey Championship, which attracted 35 teams and 60 officials from across New Zealand. That tournament was held over seven days and eight nights, resulting in an estimated 7000 bed night impact for Dunedin accommodation providers.
- 46 In 2023, Hockey New Zealand Incorporated (Hockey New Zealand) awarded the National U18 Boys tournament hosting rights to Dunedin. That tournament was also held over seven days and eight nights, with 21 teams from across New Zealand. This resulted in an estimated 4000 participant bed nights impact for Dunedin accommodation providers.
- 47 Hockey New Zealand have stated that Dunedin is an important hosting venue for premier national (Tier 1) tournaments, as one of only two Hockey Associations in the South Island with 3 turfs within proximity of each other.

- 48 Hockey New Zealand have further stated that despite Dunedin's importance as a tournament venue, the core infrastructure needs to be at a level that supports premier national events.
- 49 We understand that Hockey New Zealand's opinion now is that the turfs at the McMillan Hockey Centre are no longer at that level and feedback from recent premier tournament participants indicates a reluctance to return to Dunedin until the turfs have been replaced.
- 50 Otago Hockey has recently completed the "Expressions of Interest" phase with Hockey New Zealand for 2024 tournaments. Hockey New Zealand allocated a Schools Second Eleven tournament to Dunedin. No higher tier tournaments were allocated and are unlikely to be allocated until the turfs are replaced.

Funding options

- 51 Otago Hockey submitted to the draft 2023-24 Annual Plan, seeking a funding grant of between \$685,000 to \$950,000 to replace the two artificial turfs at Logan Park. Council asked that staff work with Otago Hockey to explore funding options.
- 52 Otago Hockey report that it is increasingly difficult to secure third-party funding (e.g., gaming trust funding) and that any such funding is used to support the operating costs of running a regional sports association. There is usually insufficient additional funding to pay for large-item capital upgrades such as turf replacement.
- 53 DCC has previously guaranteed loan arrangements for resurfacing the turfs since the establishment of the McMillan Hockey Centre. Acting as a financial guarantor for a third-party presents unnecessary risk to the DCC and may no longer be a viable position for Council.
- 54 If Council wishes to fund the replacement of the hockey turfs, there are two funding models that can be utilised:
 - i. funding the replacement work and taking over the ownership of the hockey turfs at the McMillan Hockey Centre, or;
 - ii. providing a grant to Otago Hockey.
- 55 To support Otago Hockey's submission to the 2023-24 Annual Plan, Otago Hockey obtained a quote for between \$685,000 and \$950,000 to replace the turfs. The higher figure being a full replacement of the underlay (this would not be known until the turfs were lifted).

OPTIONS

Option 1 – Take over ownership of the turfs and replace the turfs in the 2024-25 year (Recommended Option)

- 56 If Council wishes to replace the hockey turfs and take over ownership of the turfs and the associated irrigation system, the cost could be capitalised and be depreciated over a ten-year period.
- 57 The turfs would be managed and maintained by Parks and Recreation Services and leased back to the users of the turf through annual hire-agreements, aligned to DCC's fees and charges for sports fields. This is consistent with how the multi-use artificial turfs at Logan Park are managed.

- 58 This option would require a variation to the Lease to acknowledge the change of ownership of the turfs at the Premises from Otago Hockey to DCC.
- 59 Otago Hockey have said that the annual maintenance costs for the McMillan Hockey Centre turfs are approximately \$10,000 per annum, which includes annual turf grooming undertaken by the turf supplier. Towards the end of their nominal ten-year life, some repairs are typically required. This increases the annual maintenance costs to approximately \$15,000.
- 60 This option would require capital budget to be added to the draft Annual Plan 2024/25.
- 61 A breakdown of annual budget impact over 10 years for this option is shown in Table 2.

| Expenditure Option 1 – ownership of turfs | 24/25 | 25/26 | 26/27 | 27/28 | 28/29 | 29/30 | 30/31 | 31/32 | 32/33 | 33/34 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Capital | 1,000 | | | | | | | | | |
| Operational (incl Depreciation, maintenance, principal and interest) | 41 | 207 | 207 | 207 | 207 | 207 | 207 | 212 | 212 | 212 |

Table 2 – Expenditure 2024-34 – Option 1

Advantages

- Gives DCC the opportunity to undertake an integrated planning approach of the recreational assets at Logan Park and decision-making ability for reserve management planning on the future use of the site.
- Allows competition hockey to continue to be played on a quality surface and retain current player numbers for the sport.
- Does not impact on DCC grass sports fields that are at capacity during the winter.
- Dunedin would be recognised by Hockey New Zealand as having facilities that are suitable for Tier 1 national level tournaments.

Disadvantages

- Impacts Council's capital (year 2024-25) and operational budget (depreciation and maintenance), in years 2024-34.

Option Two – Grant Funding – Lump sum

- 62 If Council decides to provide a lump sum grant then Otago Hockey would continue to own, manage and maintain the turfs at Logan Park and would manage the replacement project and draw upon the grant funds in the 2024-25 year.
- 63 A new funding agreement would be entered into with Otago Hockey.
- 64 A breakdown of annual budget impact over 10 years for this option is shown in Table 3.

| Expenditure Option 2 – Grant – Lump Sum | 24/25 | 25/26 | 26/27 | 27/28 | 28/29 | 29/30 | 30/31 | 31/32 | 32/33 | 33/34 |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Capital | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Operational (incl. Depreciation, maintenance, principal and interest) | 1,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Table 3 – Expenditure 2024-34 - Option two

Advantages

- Allows competition hockey to continue to be played on a quality surface and retain current player numbers for the sport.
- Does not impact on DCC grass sports fields that are at capacity during the winter.
- Dunedin would be recognised by Hockey New Zealand as having facilities that are suitable for Tier 1 national level tournaments.
- Does not impact Council's capital budget.

Disadvantages

- Does not give DCC greater control of the recreational assets at Logan Park and decision-making ability on the future use of the site.
- Impacts Council's operational budget in the 2024-25 year.

Option Three – Grant funding – Annual

65 If Council decides to provide an annual grant for 10 years then Otago Hockey will need to secure a loan for the full replacement costs. Otago Hockey would continue to own, manage and maintain the turfs at Logan Park and would manage the replacement project and draw upon the grant funds each year between 2024-34.

66 A new funding agreement would be entered into with Otago Hockey.

67 A breakdown of annual budget impact over 10 years for this option is shown in Table 4.

| Expenditure Option 3 – Grant - Annual | 24/25 | 25/26 | 26/27 | 27/28 | 28/29 | 29/30 | 30/31 | 31/32 | 32/33 | 33/34 |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Capital | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Operational (incl. Depreciation, maintenance, principal and interest) | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |

Table 4 Expenditure 2024-34 Option three

Advantages

- Allows competition hockey to continue to be played on a quality surface and retain current player numbers for the sport.
- Does not impact on DCC grass sports fields that are at capacity during the winter.
- Dunedin would be recognised by Hockey New Zealand as having facilities that are suitable for Tier 1 national level tournaments.
- Does not impact Council's capital budget.

Disadvantages

- Does not give DCC greater control of the recreational assets at Logan Park and decision-making ability on the future use of the site.

- Impacts Council's operational budgets in the years 2024-34.
- Risk that Otago Hockey would not be able to secure a loan facility without a guarantor.

Option Four – Do not fund the replacement of the hockey turfs.

Advantages

- Does not impact Council budgets.

Disadvantages

- Hockey games are likely to be suspended while Otago Hockey seek alternative third-party funding.
- Dunedin will not be recognised by Hockey New Zealand as having facilities that are suitable for Tier 1 national level tournaments until the turfs at the McMillan Hockey Centre are replaced.
- Otago Hockey will request the preparation of DCC grass fields for lower and junior grade hockey for continuity of the hockey competition. DCC grass sports fields are already at capacity during the winter.

NEXT STEPS

- 68 The Annual Plan 2024/25 consultation information will reference Council's preferred option and enable the community to provide feedback.

Signatories

| | |
|-------------|---|
| Author: | Scott MacLean - General Manager, Climate and City Growth |
| Authoriser: | Jeanette Wikaira - General Manager Arts, Culture and Recreation |

Attachments

There are no attachments for this report.

SUMMARY OF CONSIDERATIONS

Fit with purpose of Local Government

This decision enables democratic local decision making and action by, and on behalf of communities and promotes the social, economic, environmental and cultural well-being of communities in the present and for the future.

Fit with strategic framework

| | Contributes | Detracts | Not applicable |
|---|-------------------------------------|--------------------------|-------------------------------------|
| Social Wellbeing Strategy | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Economic Development Strategy | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Environment Strategy | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Arts and Culture Strategy | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 3 Waters Strategy | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Spatial Plan | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Integrated Transport Strategy | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Parks and Recreation Strategy | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Other strategic projects/policies/plans | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Supporting quality sport and recreation facilities is a key part of the Parks and Recreation Strategy 2017. Hockey tournaments provide an economic benefit to Dunedin.

Māori Impact Statement

Feedback gained through engagement with Māori during the Sports Facilities Review, indicates that provision of quality sport and recreational facilities is one way that would encourage greater participation of Māori in sports and active recreation. Mana whenua and Māori have an opportunity to engage with the Annual Plan consultation process.

Sustainability

The hockey turfs at Logan Park are near major public transport routes and cycleways, enabling alternative modes of transport to be used for those participating and watching hockey.

LTP/Annual Plan / Financial Strategy /Infrastructure Strategy

No allowance has been made in the draft Annual Plan budgets for the replacement of the hockey turfs.

Financial considerations

Financial considerations are discussed in the report.

Significance

Information on the hockey turf replacement will be made available as part of the Annual Plan 2024/25 consultation.

Engagement – external

Extensive engagement with Otago Hockey and New Zealand Hockey has been undertaken.

Engagement - internal

Parks and Recreation Services, Legal and Finance staff have been consulted.

SUMMARY OF CONSIDERATIONS

Risks: Legal / Health and Safety etc.

The are no identified legal risks. As DCC is the primary provider of sport and recreational facilities in Dunedin, there is reputational risk of not funding the turf replacement.

Conflict of Interest

There are no identified conflicts of interest.

Community Boards

There are no implications for Community Boards, although this decision may be of interest to Community Boards.