

MINUTE EXTRACT FROM COUNCIL MEETING HELD 9 FEBRUARY 2009

18 PROPOSED STADIUM AT AWATEA STREET

A report from the Chief Executive (Jim Harland) and its attachments, which included the report from the Stakeholders Group, provided the information necessary for the Dunedin City Council to consider progress of the project against the resolutions and whether to continue with the project. The Stakeholders Group met on 2 February 2009 to consider information from the Carisbrook Stadium Trust and to advise the Dunedin City and Otago Regional Councils. The draft minutes from this meeting had been received in the confidential part of the meeting.

The report noted that there were two options from here:

- 1 Stop the project now - expenses to 31 December 2008 of \$13.84 million, and any expenses incurred up to the date of stopping the project to be amortised over five years.
- 2 Delay a final decision until a response from the Government was received.

Messrs Malcolm Farry and Darren Burden joined the meeting to answer questions from Councillors and provided an update on fundraising.

Councillor Walls returned to the meeting following the adjournment at 3.02 pm.

Consideration was given to each of the report's attachments in turn and the Stakeholders Group representatives answered numerous questions from Councillors.

Proposed Stadium – Modelled Financial Implications for the Council

A report from the General Manager Finance and Corporate Support (Athol Stephens) advised that the financial forecasts relating to the proposed stadium had been updated based on a number of factors including the timing and quantum of revenue and expenditure, interest rates and the level of debt both during and after the stadium was constructed.

Should the Council decide to proceed with the proposed stadium, the updated financial forecasts needed to be incorporated into the draft 2009/10 Community Plan.

The General Manager Finance and Corporate Support commented further on the report and responded to questions from Councillors.

Councillor Acklin left the meeting at 3.44 pm and returned at 3.47 pm.

It was moved (The Mayor/Bezett):

- "1 That Council notes that in the public excluded part of this meeting:**
 - a) the reports and attachments provided therein were received and**
 - b) the information contained in the reports and attachments remain confidential.**
- 2 That the report of the Chief Executive together with the various attachments thereto is received.**

- 3 That the report from the Stakeholders Group dated 2 February 2009 and the attachments be received.
- 4 That the report from the Council's General Manager Finance and Corporate Support on the Modelled Financial Implications for the Council is received.
- 5 The Council notes:
 - a) that the bridging loan requirement for DCC on 1 July 2011 has increased from \$19.2 million to \$42.6 million to offset the present shortfall in capital funding from the private sector due to timing changes, and that this loan balance is expected to fall to \$24.1 million by 30 June 2012.
 - b) the shortfall in capital funding of \$3 million from the Otago Community Trust
 - c) the current lack of success in reducing the Council contribution by \$20 million but that the cost to the ratepayer as consulted in the 2008/09 Annual Plan has not increased because of the reduction in interest rates. The funding model shows that the average value residential property (\$291,000) would pay \$66 per annum, the average non-residential property (\$968,000) will pay \$664 per annum and the average farmland property (\$710,000) will pay \$145 per annum which are the same figures as are in the 2008/09 Annual Plan
 - d) the ratepayers' contribution will cover the \$5 million shortfall in DCHL dividends for the duration of the 20 year loan period to pay off the stadium loan.
- 6 In relation to the Council resolutions of 17 March 2008 as amended on 29 September 2008, the Council notes as follows:
 - 1) the total net cost of the project is now \$198 million and that the increase is primarily due to increased land costs and lack of offsets from the sale of Carisbrook. This includes a budget of \$165.4 million for construction costs that is achievable based on the guaranteed maximum price (GMP) and contingency information received to date
 - 2) resolutions 2 (a) and (b) relating to property purchases have been previously confirmed.
 - 3) that a public tender process to obtain a GMP in accordance with the Council's procurement process has been achieved
 - 4) a contract has been entered into with the University of Otago in relation to the land it is to purchase and written confirmation has been given by the University of Otago as to the facilities that are proposed to be built on the land

- 5) a decision on the Plan Change was delivered by Commissioners on 10 January 2009 and the appeal period ends on 23 February 2009
- 6) a service level deed has been completed
- 7)
 - a) confirmation of Otago Regional Council funding of not less than \$37.5 million is awaited
 - b) agreements negotiated by the Dunedin City Council with the Otago Rugby Football Union for the sale and purchase of the Union's property assets have been completed
 - c) the Council has sighted and approved the occupation and revenue agreements between the CST and the Otago Rugby Football Union noting some revision may be required
 - d) that 51.1% of the private funding target of \$45.5 million has been confirmed and it is noted that, pending agreements, if they are confirmed, then the minimum of 60% of the private sector funding target of \$45.5 million would be achieved and it is noted that the CST have advised that there is an additional \$15 million required for the servicing of bridging finance.
 - e) notes that the Rates and Funding Working Party have been unable to date to identify and confirm a source for the \$20 million reduction in ratepayer capital cost
- 8) An application was made to the Otago Community Trust for funding of \$10 million and advice has been received that a grant of \$7 million has been made available.
- 7 That the Dunedin City Council commits to the Awatea Street stadium project on the following terms and conditions:
 - a) the confirmation of Otago Regional Council funding of not less than \$37.5 million
 - b) a satisfactory conclusion to the planning process and approval of a Plan Change by the Courts
 - c)
 - i) the Rates and Funding Working Party to continue to identify ways in which the ratepayers contributions to the capital cost of the stadium can be reduced by \$20 million providing it comes from sources other than the Holding Company
 - ii) discussion and agreement with the ORC occurs on the sharing of any external funding which reduces ratepayer costs
 - d) that Council retains the funding line in the draft LTCCP for the project

- e) **that a funding source to meet the \$15 million shortfall in private sector funding be confirmed**
- f) **That the DCC instructs the CST to continue to investigate ways by either:**
 - i) **savings on the GMP budget**
 - ii) **additional funding over and above the target of \$45.5 million**
 - iii) **to address the \$3 million shortfall of funding from the target of \$10 million, from the Otago Community Trust.**
- g) **that where any of the above resolutions conflict or are inconsistent with any prior resolutions of the Council the above resolutions shall prevail."**

Following discussion Resolution 1 was **put and carried** with Councillor Stevenson abstaining.

Resolution 2 was **put and carried**.

Resolution 3 was **put and carried**.

Resolution 4 was **put and carried**.

Following discussion Resolution 5 was **put and carried**.

It was **agreed** to take the different parts of Resolution 6 separately.

Resolution 6 (Parts 2, 4, 5, 6 and 8) was **put and carried**.

Resolution 6 (Part 1) was **put and carried** on a show of hand 11:4.

Resolution 6 (Part 3) was **put and carried** on a show of hands 10:5.

Resolution 6 (Part 7) was **put and carried** on a show of hands 11:4.

There was considerable debate on Resolution 7.

Councillor Weatherall left the meeting during the course of discussion at 4.55 pm and returned at 5.10 pm.

An amendment to 7(c)(i) was moved (Staynes/Weatherall):

- "7 **That the Dunedin City Council commits to the Awatea Street stadium project on the following terms and conditions:**
 - c) i) **the Rates and Funding Working Party to continue to identify ways in which the ratepayers contributions to the capital cost of the stadium can be reduced by \$20 million providing it comes from sources that do not have a direct cost to ratepayers."**

Following discussion the amendment was **put and carried**.

Following further discussion the substantive motion relating to Resolution 7 was **put and carried** on a division 10:5.

For: Councillors Acklin, Bezett, Brown, Collins, Guest, Hudson, Noone,
Walls, Weatherall, The Mayor

Against: Councillors Butcher, Cull, Staynes, Stevenson, Wilson

The Mayor here acknowledged the huge amount of work carried out to date by the Carisbrook Stadium Trust and others to bring the project to this stage, and extended the Council's thanks for their efforts.