

Background

Grandstand construction and condition

6. Waikaraka Park grandstand is a structure built by US servicemen in the mid 1940's. It served as a stand for A&P shows, sporting and public events until the 1960's when the current stock car track was built beside the grandstand. The grandstand has been used for stock car related events ever since.
7. The structure is on site, batch mixed and poured reinforced concrete from locally sourced aggregate materials. It includes two suspended bleacher levels, stairs and a concrete floor basement foundation. Concerns were first raised in the 1980's. 1984 extra stairs were added and repairs undertaken. More work was done in 1995. Recent inspections noted that repaired areas were failing and the building showed general age and materials deterioration.
8. A concrete inspection report was provided by Manco Consulting Ltd (MCL) in October 2014. Obvious visible concrete damage and deterioration was itemised. The report recommended structural analysis, and a detailed assessment of the integrity of the building. The building was closed to public use as a precaution. Short term works were completed which allowed partial access to the upper level seating for the 2014/15 season. Additional temporary seating was supplied by council whilst further information was sought.
9. In December 2014 Holmes Consulting Group provided a structural condition assessment. It concluded that the overall stability of the building was not at immediate risk but there were some immediate risks to the public which would require significant upgrades if it were to be used in the long term for seating. The report suggested that the building was earthquake prone.
10. Holmes Consulting were then asked to provide a detailed seismic analysis of the building. The report was received in mid-October 2015. It concluded that the building was earthquake prone with parts of the structure failing to meet minimum NZ standards for loading and 'drift' (out of alignment lateral movement). Parts of the building would likely fail in a minor seismic event along with collapse of the upper tier. A moderate event could deform the lower level resulting in local collapse of parts of the structure.
11. The report provides options to reduce risk, strengthen and reinforce the grandstand along with and partial or total demolition options.

Summary of Possible options

12. **Option One:** Allow limited access only to the lower level and short term occupancy of the upper level. This would only be viable after significant strengthening and would still carry risk.
13. **Option Two:** Strengthen the existing structure. The extent of strengthening and therefore cost is not quantified but the areas that require strengthening have been identified. They include infilling walls, strengthening foundations, bracing and new structural elements for rigidity.
14. **Option Three:** remove the top level and strengthen the lower level. This would require some foundation improvements and potentially a new compliant top tier designed and added later if required.
15. **Option Four:** Complete demolition. It is likely that the required strengthening work and its cost would not deliver a fit for purpose building in the long term. Demolition would remove all risks of collapse and public safety concerns. A complete rebuild of a new grandstand would be dependent on the overall vision for the Waikaraka Park reserves precinct, where spectator seating for events or continued motor racing may be configured differently.

Memo - Confidential

30/11/2015

To: Maungakiekie – Tamaki Local Board
cc: Nina Siers, Allan Christensen
From: Lynda Lucas, Team leader, Park liaison and development
Robyn Campbell – Lease advisor
Santosh Puthran – Property Co-ordinator
Leicester Drake – Asset Management
Christine Watson – Financial Advisory
Katrina Wilson – Legal
Jane Aickin - Parks Manager
Duncan Chisholm – Sport and Recreation Advisor

Subject: Waikaraka Park Grandstand

Purpose

1. To update the local board on the condition of Waikaraka Grandstand and potential options depending on the long term vision for Waikaraka Park.

Executive Summary

2. The Waikaraka Park grandstand is an old grandstand constructed by US servicemen in the mid 1940's. It is now deteriorating to the point where it has become a seismic risk.
3. Recent reports have shown that there are significant age and materials deterioration and that the structure would be compromised in minor to moderate seismic events.
 - October 2014: A concrete inspection report recommended structural analysis and integrity assessment. The building was closed to public use as a precaution and remains closed.
 - December 2014: A structural condition assessment found some immediate risks to the public which would require significant investment to upgrade for long term use. The report suggested the building was earthquake prone. Minor alterations enabled temporary access to the toilets and upper tier.
 - October 2015: A detailed seismic report concluded the building was earthquake prone. Parts of the building fail to meet minimum NZ structural standards. Parts would fail in a minor seismic event and total collapse is likely in a moderate event. In October 2015 the grandstand was closed and temporary seating and toilets provided.
4. Options have been provided for risk mitigation, strengthening and demolition. Demolition is recommended.
5. It is an anomaly that Council has found itself in the business of owning a grandstand to support this particular sport/lease. There is a Sports Facility Strategy being written at the moment (completed by June next year) that will help determine Council's current and future role in facility provision but at this point in time it is difficult to see justification for Council to have a role in facility provision of this type.

Recommendation/s

That the Maungakiekie-Tāmaki Local Board:

- a) resolves to demolish the Waikaraka Park grandstand and;
- b) instructs parks officers to undertake a review of the long term vision for the Waikaraka Park reserves precinct.

16. Auckland Council intends to deliver safe, appropriate, complying facilities within reserves. The current grandstand does not meet minimum standards for retention.
17. If partial demolition and/or strengthening is undertaken this will need to be programmed after detailed geotechnical and materials testing is undertaken. Professional services to provide a detailed assessment is expected to be about \$
18. Reinforcing or strengthening would be costly with little return in utility of the asset. Sufficient information in three reports has been received which shows it would not be prudent for Auckland Council to retain the current grandstand, in terms of public safety, utility, longevity and cost.
19. Any demolition will require building consent, engagement of affected stakeholders and a range of safety and access requirements, along with funding.
20. The cost of demolition can be funded from Property OPEX, \$ has been allocated.
21. Reduced costs will be made by milling the debris on site for recycled use on pathways rather than paying for costs of transport and disposal to landfill.
22. It is recommended that the structure is demolished as soon as possible and that the place of arena or grandstand seating is considered as part of a review of the future of the whole Waikaraka Park precinct.

Lease Position with Auckland Stock and Saloon Car Club (ASSCC)

23. The lease team have asked for advice on the basis that if a determination is made that the grandstand is not able to be repaired by council, and is indefinitely closed, the position under the lease is as follows:
 - As drafted, Clause 13 provides that if the Tenant wishes to and has the funds, upon notice it can elect to restore its Buildings and Improvements at its cost, otherwise the lease will terminate. However the lease is silent as to what will occur in respect to the Landlord owned assets.
 - Clause 13 suffers from poor drafting. The clause only deals with Tenant owned improvements, which clearly the Grandstand is not, as it has been specifically noted as not forming the Tenant owned improvements.
 - The lease is also is silent as to Council's obligations for repair i.e there is no express covenant to repair.
24. The general position in law in such circumstances is as follows:
 - There is no implied covenant in favour of the tenant that the premises may be used for a specified purpose, or as to the safety of premises (however, council is additionally subject to the Health and Safety and Employment Act).
 - The tenant may cancel the lease if the premises may not be used for the specified purpose, or cannot be lawfully used.
 - The landlord is not generally liable to repair, unless there is an express covenant in the lease to do so (in this case there is not).
25. Accordingly, council has no contractual or legal obligation to repair the grandstand. However, the practical realities is that during the course of events customers will need to be seated and also go to the toilet, and there is a reasonable expectation that they will be able to do this on the site, and have done so until the grandstand was closed. There could potentially be an argument mounted by the tenant that the non-replacement of the toilets and grandstand will lead to a reduction in numbers attending events, thereby resulting in a loss of revenue, which is to be compensated either by way of a rent reductions, or cancellation of the lease.

Additional Recommendations

26. It is recommended that the lease renewal contain a variation to record:
- the agreement set out in the landowner consent, and
 - the position once clarified by council stakeholders/business owners as to the repair/replacement of the grandstand.

Auckland Stock and saloon car club's position

27. At a meeting on 24 November ASSCC told council that the 712 seats are not enough to cover the loss of the existing grandstand. A count of the seating previously available in the lower tier alone came to 1440 seating places with probably a little less on the top tier. Conservative estimate of seating places lost is 2,500. ASSCC noted that they need another 1000 seats in order to run the season sustainably.
28. ASSCC noted that they have had the opening meeting of the season after postponing the two scheduled opening events (Grand Opening and Fireworks / Demolition Derby Special) due to not having enough seats to hold these major attraction events. The club runs a season on a break even basis with large attractor events 'paying' for the normal club competitor nights. The constrained facilities at present will have a financial impact on the club this season.
29. ASSCC noted that the current season calendar contains 7 major Speedway NZ Championships or Major Regional Speedway Meetings which will severely impacted by seating numbers available. These meetings are scheduled to begin on 4/5 January and run through February with two season finale attractor events scheduled for April.
30. ASSCC noted that the Speedway NZ Championship Event calendar is organised well ahead of the events (up to two years in the case of National Titles) and tracks are given the right to host National Titles partly on their ability to provide adequate facilities to the expected number of spectators. The ASSCC will be at some risk of not securing major Speedway NZ Events with the current facility conditions which will have a financial impact going forward.
31. ASSCC reported that their funding application with NZCT for seating had the final Net Proceeds Committee meeting on 24 November; however they had not heard if they had been successful. [It should be noted the drive to seek funding to install up to 1500 seats came about due to the closure of the grandstand last season]. ASSCC noted that should they be successful with funding and spend a large amount of money purchasing and installing seating to overcome part of the issue caused by the closure of the existing grandstand, they would be seeking some assurances on lease renewal.
32. ASSCC will celebrate their 50 year anniversary at the site on 19 September 2017.

Future of the site

33. This matter creates an opportunity for a holistic evaluation of the Waikaraka Park reserves precinct with a view to providing a contemporary, integrated, sporting, motor sport, recreation and entertainment hub in consultation with a range of stake holders, iwi and the public. This is identified as follows:
34. **Short term** - 2015/16 stock car season (Oct 2015- April 2016)
Parks as a goodwill gesture have provided temporary toilets and 712 temporary seats for this season. The cost for 2014/15 was about \$25,000 as temporary seating was available from Western Springs Stadium at a reduced cost. In 2015/16 the cost is approximately \$50,000 for the season.
35. This needs some serious thought as to what can be achieved in the short term to mitigate ongoing cost to council and financial impact to ASSCC.

36. **Medium term (2016/7)**
Parks will seek a decision by the local board on whether to strengthen or demolish the grandstand. This will influence any decision on how the club may continue to operate at this site.
37. This issue will need some thought and decisions in order to have a clear plan in place that can be delivered in the off season (May to September inclusive) in order to reopen with toilets and spectator facilities for the 2016/17 season on October 2016.
38. The local board will also need to consider the lease implications which may lead to: compensation either by way of a rent reductions; or cancellation of the lease;
39. **Long term (2016 +)**
The club were asked to do some blue sky thinking for the future, if the current grandstand was demolished and could be replaced. The club have indicated that they are very flexible and would consider working with other racing clubs or sporting clubs to make the best use of the site. They also presented an idea on how the space could be better used.
40. For discussion purposes only, the design team have prepared four options for the Waikaraka Park Precinct.
- i) Minimal change
 - ii) Maximising continuous field space
 - iii) Dual use
 - iv) Dual use
41. Any options will need funding and realistically, planning, consultation, consents and build will require at least 2-3 years.
42. **Financial considerations**
In 2012 structural issues were identified as part of the Grandstand condition assessment. The building was marked down as 'impaired'. An impaired asset cannot be held for more than it's worth. What this means is that it's write down value is transferred from the renewals to write down the asset. As a result the available renewals become the value once the impairment test is done. In this case it is zero.
43. It would appear that in 2012 the Local Board were not advised of the situation, however this would not have affected the decision to impair the building.
44. Where an asset is impaired to the point where it has little or no future economic benefit it must be derecognised in the fixed asset register. It is 'written down' to its new value, in this case to nothing. The LGA requires all councils to comply with the Financial Reporting Act 1996 and international accounting standards.
45. If a decision is made to reinstate a new grandstand at this site, it would have to be funded from other sources as any renewals component has been exhausted by the impairment of the building.

Implementation

46. Parks staff are working closely with the Stock and Saloon Car Club to provide facilities for this season and consider their future aspirations.

Attachments:

1. ASSCC site plan and proposed location of speedway October 2015.
2. Waikaraka Park recreation precinct – concepts for discussion November 2015

