

## Indoor Community Sports Centre

### 1. The Proposal

To reinstate the four mezzanine level quadrants previously included in the original design brief for the Indoor Community Sport Centre (ICSC) building project and fund traffic improvements and further consent requirements. This project contributes to Council's Social and Recreation outcomes - provides access to sport and recreation opportunities, enhancing viability of the sports centre operation and fulfils the Rugby World Cup (RWC) 2011 hosting obligation to provide an indoor training venue.

### 2. Proposal Costs

*\* 9 months in year one - 3 month rent holiday for tenant fit out post practical completion*

| Outline project costs per year |                    |             |              |              |              |              |              |              |              |              |
|--------------------------------|--------------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Project Component              | Operating expenses |             |              |              |              |              |              |              |              |              |
|                                | \$000              |             |              |              |              |              |              |              |              |              |
|                                | 10/11              | 11/12       | 12/13        | 13/14        | 14/15        | 15/16        | 16/17        | 17/18        | 18/19        | 19/20        |
| Revenue (lease/hire)           |                    | (183)*      | (245)        | (245)        | (245)        | (245)        | (245)        | (245)        | (245)        | (245)        |
| Interest (6.5%)                | 49                 | 98          | 98           | 98           | 98           | 98           | 98           | 98           | 98           | 98           |
| Depreciation (50 years)        |                    | 30          | 30           | 30           | 30           | 30           | 30           | 30           | 30           | 30           |
| <b>Total</b>                   | <b>49</b>          | <b>(55)</b> | <b>(117)</b> | <b>(117)</b> | <b>(117)</b> | <b>(117)</b> | <b>(117)</b> | <b>(117)</b> | <b>(117)</b> | <b>(117)</b> |

Revenue generated from leasing mezzanine and ground floor areas to sports organisations or related tenancies - sports medicine, nutrition, physiotherapy and conditioning. Also from regular facility hire for use of meeting, rooms and social spaces. Lease of the southwest ground floor quadrant as a café being investigated.

| Revenue by area, purpose/activity (full year)  | Area m2      | Rate \$/m2 | Value \$000  |
|--|--------------|------------|--------------|
| South West Ground Floor - Facility entry, reception, space, cafe and associated amenities. | 410          | Lease      | (66)         |
| South East Ground Floor - Storage for telescopic seating and centre administration         | 230          | 0          | 0            |
| North West Ground Floor - Storage (west sports hall), plant rooms and power transformer    | 175          | 0          | 0            |
| North East Ground Floor - Competition changing rooms, storage (east sports hall)           | 520          | 0          | 0            |
| South West First Floor - Multi-purpose activity space - club/user hire income              | 485          | -          | (38)         |
| South East First Floor - Sports accommodation (WBA + one other) -community rate            | 230          | 155        | (35)         |
| North West First Floor - Activity/meeting space - facility hire                            | 175          | -          | (27)         |
| North East First Floor - Sport and recreation related tenancies - commercial rate          | 450          | 175        | (79)         |
| <b>Total</b>   | <b>2,675</b> |            | <b>(245)</b> |

*- Facility hire rates based on current fees and charges schedule for WCC Recreation Centres*

| Project Component         | Capital expenses |       |       |       |       |       |       |       |       |       |
|---------------------------|------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|                           | \$000            |       |       |       |       |       |       |       |       |       |
|                           | 10/11            | 11/12 | 12/13 | 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 |
| Traffic and Consent works | 273              |       |       |       |       |       |       |       |       |       |
| Design Cost               | 50               |       |       |       |       |       |       |       |       |       |
| Construction Cost         | 997              |       |       |       |       |       |       |       |       |       |
| Contingency               | 180              |       |       |       |       |       |       |       |       |       |
| Total                     | 1,500            |       |       |       |       |       |       |       |       |       |

### 3. Project Outline

Mainzeal's successful tender for the construction of the ICSC included pricing to add back the originally planned mezzanine quadrants. The value \$1,227m for mezzanine components is included in the construction price of \$36.24m. The overall project budget of \$46m has been increased to \$47.5m. The additional \$1.5m provides for add back the mezzanine levels and associated additional transport and consent costs of \$273k

The Mezzanine levels provide 1,340 square metres (sqm) of space at mezzanine level for supporting activities, tenancies and accommodation for sports organisations or related services. Wellington Basketball Association has confirmed they wish to be located at the centre and will lease approximately 100 sqm. Registrations of interest from other sports related activities have also been received.

The inclusion of the mezzanine quadrants will contribute significantly to the overall viability of the centre providing space for meetings, social events and celebrations, training camps, media, hosting, tournament and competition administration together with regular community recreation, health and fitness programmes.

The inclusion of the mezzanine components as part of the initial construction programme achieves the best price and most efficient timing. Risk associated with future provision includes significantly higher cost to construct and impacts on future service provision and operational revenues.

### 4. Recommendation

Original plans for the sports centre following consultation with sports organisations included a range of amenities to support the delivery of community sport and recreation use. Subsequent cost reviews resulted in the mezzanine levels being removed to lower costs. Delays in the project and the current construction market has seen the project benefit for a lower price to build the centre and the opportunity to add back these important features to ensure better overall success for the centre.

It is recommended that funding of \$1.5m for the design and construction of the four mezzanine quadrants is approved, together with the required additional transport and consent compliance requirements are in the overall construction of the indoor community sports centre project budget cost of \$47.5m