

**Waitaki**

DISTRICT COUNCIL  
TE KAUNIHERA Ā ROHE O WAITAKI

# Waitaki DC Sports and Event Centre Business Case

July 2021



**Document status**

<b>Job #</b>	<b>Version</b>	<b>Approving Director</b>	<b>Date</b>
2603	Draft V1	Ewen Skinner	28/04/2021
2603	Draft V2	Ewen Skinner	03/05/2021
2603	Draft V3	Ewen Skinner	01/06/2021
2603	1	Ewen Skinner	07/07/2021

## Contents

Executive Summary	1
1 Introduction	4
2 Strategic Assessment	4
2.1 Description of the current state	4
2.2 Case for change	7
2.3 Strategic context	9
2.4 Multi-criteria analysis	12
3 Options analysis	14
3.1 Preferred option	27
4 Financial case	28
4.1 Overall affordability and funding	28
5 Commercial case/procurement overview	32
5.1 Procurement approach	32
5.2 Market interest	32
6 Management case	32
6.1 Project management framework	32
6.2 Organisational change management	33
6.3 Risk management framework	34
Appendix A – Investment Logic Mapping	35
Appendix B – Potential Indoor Facility & Utilisation	36
Appendix C – Identified Risks	37
Appendix D – Stakeholder Feedback	38
Appendix E – Cost Comparison	43
Appendix F – LTP Feedback	44
Appendix G – Event Centre Stakeholder Framework	46
Appendix H – Valuing Benefits	47

## Executive Summary

Waitaki District Council (WDC) has been working with Sports Otago over several years to identify the need and support for a new indoor recreation and events centre to support primarily netball, basketball, futsal, and other sporting codes and events. A comprehensive needs assessment and feasibility study was completed in 2016 and further reports have been completed since this initial feasibility study. These studies concluded that there was a lack of regulation indoor courts to support netball, basketball, tennis, and a lack of indoor facilities to attract regional competitions and events.

The current LTP process includes the construction of a new indoor recreation and event centre. The results of the consultation are included in Appendix F which show strong support. In the past strong support has been received for a new facility but the barrier has been securing adequate funding. The Waitaki community is being asked what level of funding they are prepared to contribute towards the new facility.

Feedback was obtained in April and June 2021 as part of this business case from the advisory working group including a workshop on 7 April. Refer to Appendix D for minutes of the workshop and a summary of the feedback received. The business case incorporates the results of the feedback.

WDC has also taken stakeholder engagement through an investment logic mapping exercise to identify the investment objectives, refer to Appendix A.

The investment objectives are:

- To sustain and grow participation in core and potential sporting codes.
- To enhance health, wellbeing and resilience for all members of the Waitaki community.
- To leverage sport and recreation to boost economic growth and development within the Waitaki district.

The core options considered include:

- Status quo – do nothing
- Minimum (less ambitious) – New standalone indoor (four courts) 5400 sqm facility
- Desirable (preferred way forward) – New standalone indoor (six courts) 7500 sqm facility
- Optional (more ambitious) – New standalone indoor (six courts + squash courts) 7800 sqm facility

The preferred option is a new standalone six court indoor facility. In many cases when similar-sized councils have built a four court facility, they are too small to meet demand within a short space of time, particularly for netball and basketball competitions (Refer Table 6 and Sports Otago Feasibility Study). A key objective is to attract regional events and larger facilities are required to successfully host regional events. A larger facility will ensure longevity meeting both current and future demand expectations.

In addition to the core options, options regarding the location and features within the facility have been assessed. The feasibility study evaluated a total of 18 different locations and determined a shortlist of options:

- Centennial Park, rear of Grandstand
- Centennial Park, incorporating Excelsior clubroom
- Centennial Park, mid-field main rugby field
- Awamoa Park, opposite supermarket and petrol station

The preferred location based upon the outcome of previous studies and consultation is Centennial Park at the rear of the grandstand. This allows for any future connection with the grandstand. There is a strong desire to establish a sports hub at Centennial Park where a number of sporting codes are located. This site leverages the use of existing parking, toilets, changing rooms and the ability to leverage future integration with St Kevin's for future developments. This site is relatively flat and preliminary ground investigations confirm it is not a closed landfill so is suitable for building. Refer to the separate report "Geophysical Investigation Centennial Park, Oamaru by Southern Geophysical, April 2021".

The other key consideration of the new facility is to determine what features should be integrated within the new building. As outlined in Section Two there are a number of existing buildings within Oamaru that are used for clubrooms, function rooms, fitness centres and indoor sports. The options explored include:

- No additional features (courts only)
- Co-locate/shared features with existing buildings (such as grandstand)
- Build new features (within the new facility)

These options were explored with the advisory working group at a workshop on 7 April. The preferred option following the assessment is to build new features within the new facility.

The features that were seen as essential to include within the new facility are:

- Three sprung timber courts and three synthetic courts, similar layout to the Rolleston indoor facility
- Floor protection
- Insulation
- Adequate heating and ventilation for the different spaces, i.e. ventilation for courts, HVAC for offices and smaller rooms
- Office, reception, foyer flexible design to support leasing and sports hub
- Tournament control room including first aid
- Changing facilities, lockable and sized to support indoor facility needs
- Public and staff amenities
- Movable spectator seating up to 500
- Multi-purpose rooms that can be used to support different programmes and events to generate revenue (i.e. not just a fitness centre)
- Kitchen with commercial grade appliances off the synthetic courts to support large functions/events

The features to be shared include:

- Carparking - there is existing carparking at Centennial Park although additional spaces may be required if within budget.
- A specific creche will not be included, however, a multi-purpose room could be used as a parenting room/space as required.
- No changing facilities for outdoor sports as these are provided within the existing grandstand.

When exploring options to determine if the new indoor facility would share features with existing facilities, in particular the existing grandstand, a discussion occurred with the advisory working group about the need to upgrade the existing grandstand or incorporate the grandstand into the new indoor facility. The advisory working group agreed that upgrading the grandstand is considered out of scope at this stage as funding is focused on the new indoor facility. Completing a grandstand replacement or refurbishment at the same time is unlikely to reduce the cost of both projects but could increase the funding required and impact community support for the indoor facility. Any design would need to consider the linkage between the new indoor facility and the grandstand as the preferred location is at the rear of the grandstand.

The estimated construction cost (including an allowance for design and consenting) for the preferred option is \$25 million (2021 dollars) excluding GST this includes an allowance for design and construction management. The anticipated construction time is 2023 to 2025, this cost is likely to increase by the time construction commences. This construction cost estimate is very dependent on the features included within the facility and the quality of construction. A quantity surveyor will refine the estimated construction cost when the design has progressed. The final construction cost could exceed this without tight specification and project controls. A design build procurement approach is recommended to minimise scope creep and ensure construction costs stay within budget.

A key risk is securing adequate funding for the project. WDC is seeking to cap Council's contribution towards the construction cost at \$10 million, as agreed, following feedback from LTP consultation. External funding of \$5 million has been offered by one external party contingent on \$5 million being raised from other parties, total of \$10 million. This offer is subject to confirmation, with the proviso that the new facility is future-proofed (sufficient size and features to support future needs). The balance of approximately \$10 million plus inflation still needs to be secured. This is to be raised by applications to charitable trusts, central government funding, and local community fundraising efforts. The project cannot commence until the required funds are secured and this could potentially delay the construction commencement date.

A project management framework will be established for this project if strong support is achieved via the LTP consultation process. An advisory group and sub-working groups have been established with key stakeholders. Appendix G provides an overview of the proposed project structure including the steering group, project group, and engagement with stakeholders. Appendix G also summarises the roles and responsibilities of the different groups.

# 1 Introduction

Morrison Low were engaged to prepare this outline business case based on a modified NZ Treasury Better Business Case model. This covers the strategic assessment, options analysis, financial case, commercial case, and management case as presented below. In preparing this business case Morrison Low have relied upon the information presented within reports prepared by Sports Otago for Waitaki District Council (WDC) in relation to the new Sports and Event Centre. These include:

- Waitaki District Sport and Recreation Needs Assessment and Indoor Recreation Centre Feasibility 2016 (referred to as feasibility study)
- Waitaki District Indoor Recreation Centre Options Report 2017
- Waitaki District Indoor Recreation Centre Stage 3 Commission 2018
- Presentation to WDC workshop

We have also reviewed the Sports NZ guidelines for the development of sports facilities and reviewed cost estimates based on a review of other similar projects. In particular, the recently completed indoor sports facilities for Waimakariri District Council and Selwyn District Council. This review of other NZ indoor facilities has been used to test assumptions regarding the size of the facility, features, and cost estimates.

This Business Case builds on the strategic assessment work that WDC have completed in conjunction with stakeholders. In particular, the investment logic mapping presented in Appendix A and the investment objectives. It is also noted that Sport Otago are developing a regional facilities strategy that includes the previous Waitaki needs assessment conclusions.

WDC have consulted with the community regarding likely construction, operational cost, and impact on rates. The outcome of this consultation has been incorporated into this business case. A workshop with key stakeholders (advisory working group) was also undertaken in April to test options. The outcomes of this workshop are reflected within this business case and the minutes and analysis of the feedback included in Appendix D.

## 2 Strategic Assessment

### 2.1 Description of the current state

WDC has been working with Sports Otago over several years to identify the demand for a facility to support and promote participation in sports and recreation within the Waitaki District. The Waitaki District Sport and Recreation Needs Assessment and Indoor Recreation Centre Feasibility study identified the need for an indoor sports and event centre that would attract wider local and regional events.

While there is an existing indoor facility operated in conjunction with Waitaki Girls High School (WGHS), it is relatively small and does not have regulation size courts. WDC provides an annual grant of \$77,000 to support the programmes offered through this facility which otherwise would run at a loss.

The other facilities currently used within Oamaru for indoor sports and recreation include:

- Waitaki recreation centre, indoor courts at WGHS (funding grant from WDC)
- Waitaki Boys High School, Gymnasium
- St Kevin's College, Gymnasium

- Drill Hall, Gymnastic (owned by WDC)
- Oamaru Squash and Badminton Club, indoor courts, Tyne Street
- Excelsior clubrooms, indoor courts, outdoor Croquet, Centennial Park
- Centennial Park stadium, changing rooms, function room, viewing area
- Athletic clubrooms, Centennial Park, indoor bowls
- Netball Centre, clubrooms, storage building, Taward Street
- Rowing clubrooms and storage building, Esplanade
- Oamaru Club, indoor bowls, snooker
- Local halls used by some sports.

These facilities are small single to two story older buildings with some maintenance issues. While they may meet the needs of single codes, they generally do not support competitions, events, or increased participation in a range of codes. Sport NZ is putting increasing emphasis on sports hub (hubbing) opportunities to better cater for Sporting requirements. Residents regularly travel outside of the local area to participate in sports events.

There is a lack of indoor regulation sized netball, basketball, and tennis courts in Oamaru and a lack of facilities to support new codes like futsal. The low ceiling height of some facilities also limits the use by certain codes (trampolining and gymnastic).

The outcome of the Waitaki District Sport and Recreation Needs Assessment and Indoor Recreation Centre Feasibility study recommended a new indoor facility to support greater participation in sports, attract new codes and potentially regional events.

This business case looks at the impact on operating costs for existing indoor facilities when the new facility is built. The existing recreation centre is on Waitaki Girls High School land. The existing recreation centre is run by a community trust with a representative from WDC and annual reporting to WDC. WDC provides an annual grant to support operational cost. A trust deed sets out the management provisions for the existing recreation centre including the provision for the facility to become a Waitaki Girls High School asset if the community trust dissolves or the centre is not self-funding (subject to WDC approval on community use).

A concept plan has been developed around the size of facilities, types of surface and features. This business case looks at different options around what is incorporated into the new indoor facility. Primarily whether squash courts are included and whether a commercial kitchen, creche, fitness centre should be included. It also reviews options around the preferred location for the new indoor facility and what features could be shared with nearby existing facilities such as the existing grandstand.

### 2.1.1 Current provision of services

WDC use a mixed model to support local sports, recreation, and events. Facilities and programmes are provided in conjunction with local community sport groups and schools, with grants provided by WDC either on a one-off or ongoing basis. Council focus is on the provision of versatile facilities to meet multiple code needs. Facilities specific to a single code or club are generally provided by the code or club. Staffing of programmes and coordination of codes and events is provided by individual clubs and not Council staff, except for the indoor swimming pool complex that is managed and operated by Council staff. Table 1 below shows the needs for the individual sporting codes, from the feasibility study.

**Table 1 Summary needs assessment**

Code	Indoor facility	Outdoor facility
Athletics	Lack of a roll-out rubberised matting sprint lanes / potentially met by a new facility	Require an athletics field in Omarama
Basketball	Lack of regulation size courts / will be met with a new facility	
Boxing	Lack of training space / either transfer to the existing rec centre or potentially the new facility	
Bowls (indoor & Lawn)	Needs met	
Cricket	Lack of 2*40m lanes with side nets synthetic surfacing / potential to provide within a new facility	
Croquet	Require better clubroom facilities, cover for wet weather	
Cycling	Use Waimate Velodrome – needs met	Develop BMX track at closed landfill
Football (including Futsal)	No indoor facility for Futsal / will be met with a new facility	
Golf	Needs met	
Gymnastics	Sharing space limits the range of activities, heating limits participation. Need minimum 10m height. Potential to transfer to the existing rec centre, some events could be hosted in a new facility.	
Hockey	Needs met	
Multisport	Needs met (longer term storage requirements)	
Netball	Lack of indoor courts / will be met with a new facility	
Rugby (including Touch)	Require an Indoor training facility / will be met with a new facility	
Rock climbing	Retain and potentially expand existing wall in Waitaki recreation centre (WGHS) – needs met	
Rowing	Needs met	
Smallbore Rifle Shooting	Potentially relocate from the existing recreation centre – needs met	
Snooker and Billiards	Needs met but could consider relocation	
Softball	Needs met	
Special Olympics	Needs met	
Squash & Badminton	Lack of doubles court	
Tennis	Lack of indoor courts for tournaments / will be met with a new facility	Convert courts to hard courts
Trampoline	Want to share space with Boxing & Gymnastics, and host regional competitions. Potential to move to the existing rec centre, some events could be hosted in a new facility	

The results of the needs assessment and consultation show that outdoor facilities generally meet sporting needs. However, there is a lack of regulation sized indoor basketball courts, strong demand for indoor netball courts, indoor tennis courts, and futsal is growing in popularity with no indoor facility. The gymnastics, boxing and trampoline codes wish to co-locate in a facility with a 10m height ceiling, which could be achieved by moving to the existing recreation centre at WGHS. If gymnastics, boxing and trampoline were permanently located in the existing recreation centre this would limit its use for some other activities.

The intention is for the existing rock-climbing wall and fitness centre to remain within the existing recreation centre. While the core indoor sports codes of netball, basketball, tennis, and futsal would relocate to the new indoor facilities, WGHS may have other uses for the existing space. Further engagement around options is required with the Recreation Centre Trust and WGHS. These options were explored with the advisory working group at the workshop in April.

Appendix B presents information from Sports Otago on the potential utilisation of the new indoor facility.

An analysis of possible bookings for a six court facility was completed by Sports Otago and the highest users (core codes) of the new facility would be basketball, netball, futsal, and fitness classes. Other codes that would use the facility for indoor training and games include soccer, cricket, roller derby, volleyball, tennis, table tennis, and potentially badminton, touch, and indoor bowls. Total usage is estimated to be 6,546 court hours per year (excluding squash). Refer to Appendix B for the assessment of hours.

There is a strong community desire for a facility that could host other regional events, not just sporting events. Consultation has begun with rugby regarding the upgrade of the existing grandstand and changing rooms which are next to the preferred location for the new indoor facility. However, the facilities will be separate structures and there is a need to keep the scope of this project focused on the new indoor facility.

## 2.2 Case for change

An investment logic mapping exercise was undertaken in November 2020 to identify the problems that investment in a new sports centre is seeking to address, and the benefits that are expected to accrue to the district if the problems are solved. This is the primary basis for the case for change in this business case, and the detailed investment logic map is provided in Appendix A.

The investment logic mapping exercise identified the following core problems that WDC is seeking to address by investing in a new indoor sports and recreation centre:

### 1. Existing indoor recreation facilities are fragmented and not fit for purpose, restricting growth and participation across core/potential sporting codes.

As outlined in the description of the current state, indoor sports and recreation services within the WDC district are currently provided through a network of facilities that are not owned or operated by the Council. With the exception of the recreation centre at WGHS, these facilities have limited public access, and are typically small and are not of regulation standards or size.

The lack of centralised coordination of these facilities, and the general dispersal, throughout the district, of the court space that is available through these facilities, also means that the district struggles to attract sporting events or regional competitions and tournaments. For example, basketball competitions are commonly held outside of the district due to the limitations of the facilities that are located within the district.

Growth in existing and new sporting codes (e.g. futsal) is also limited due to the lack of available and appropriate court space throughout the district. Limited court availability and weather-related cancellations are seen as barriers to increased participation in the region. For example, netball games are often cancelled due to weather, limiting participation.

Investing in a purpose-built indoor sports facility would address this problem as it would allow centralised, coordinated management of court space, and provide regulation sized spaces that will support regional events and tournaments.

## **2. Waitaki District lacks the means to improve community, social, and cultural wellbeing and resilience for all.**

WDC wants to support the general wellbeing of the community by providing community facilities that are fit for purpose, welcoming, warm spaces and encourage increased participation. There is currently low participation in sports by older generations. Regular exercise and socialising are seen as good for general wellbeing and resilience.

If existing facilities are cold and not fit for purpose, or sports can only be played outdoors (netball and tennis subject to cancellations), this limits participation. The lack of regulation sized indoor facilities also means residents need to travel to participate in sports which adds to the cost and can be a disincentive to participation.

WDC wants to encourage a wide range of age groups to live and work in the local district. If residents are always travelling to participate in events or sports this can be seen as a disadvantage to living within the Waitaki district. If games are played locally, it makes it easier for families and the community to support players and teams which encouraging participation and overall wellbeing.

Investing in a purpose-built indoor sports facility would address this problem as it would allow multi-purpose spaces that can be used for a range of fitness programmes, events and sports. This will encourage greater participation from a wider age group.

## **3. Opportunities to boost economic growth are limited, driving expenditure out of the district and diluting regional/national exposure.**

WDC wants to encourage district growth, visitor numbers, and economic growth. Waitaki is centrally located for South Island events such as the Canoe Polo event hosted in the Waitaki Aquatic Centre. There is currently no venue of sufficient size and quality to host regional events either sporting, cultural, or community. These events could include masters games, car shows, regional sports teams, or community fundraising events, preseason first class warm-up games (nuggets & rebels). There are examples of recent events where organisers have struggled to find district facilities that are of sufficient size and quality to host these events.

There are a number of good local schools that would like to host sporting teams for regional or inter-school tournaments. There are dormitories at local high schools that could be used as accommodation for tournaments in school holidays. In general, most local schools travel out of the district to participate in inter-school or regional sports tournaments. This is a disadvantage for the local schools.

The lack of local or regional events and tournaments means there is a lack of economic benefit to the local community associated with visitors to the district.

Investing in a purpose-built indoor sports facility would address this problem as it will be of sufficient size to host large events. If the courts are regulation sized with good quality features (changing rooms, kitchens) then Oamaru will be considered as a possible destination for regional events.

It is expected that the district will obtain the following benefits from investing in the development of a new indoor sports and recreation centre:

- Future-proofing the survival of community-based sports – improved facilities with a regulation sized courts should increase participation keeping local sports activities and participation in local sporting clubs.

- Increased participation across existing/new sporting codes – netball, basketball, tennis, and futsal sporting codes struggle to maintain participation due to the lack of indoor courts (netball and tennis is played outdoors and games are cancelled due to weather), lack of available space for basketball and futsal.
- Increased community participation and local pride – local schools and sporting clubs want to be able to host tournaments to make it easier for wider families and the community to support the local teams.
- Increased prosperity for Waitaki District – WDC wants to host regional events and tournaments to highlight the district and attract visitors supporting local business.

## 2.3 Strategic context

WDC wants to increase local participation in sports and recreation across a wider age group and increase economic benefit from attracting regional sporting events to Oamaru. Local businesses and Council can struggle to recruit and retain local employees. It is hoped that if a high quality community and sports facilities are available this will help to attract and retain a wider age group to Waitaki to live and work that helps to support the local economy.

The needs assessment highlighted the need for a large indoor facility to support netball, basketball, and futsal. The existing facilities do not have regulation size courts and are too small to host regional events. Netball is often cancelled as the courts are outdoors and subject to weather. There is a desire to attract older people to participate in sport to support wellbeing and resilience. A warm indoor facility is likely to attract greater participation during the winter months. Residents need to travel out of the local area to participate in some sporting events which is a disadvantage and impacts participation.

The results of the previous consultation associated with the Sports Otago feasibility study shows high community support for a new indoor facility (79% in favour of online survey).

### 2.3.1 Need to invest

The need to invest has been explored with key stakeholders by WDC. The results of the investment logic mapping are attached in Appendix A. The investment needs and strategic priorities KPIs are:

- Increased number and age groups of participants in sporting codes
- Increased number of new codes formed and expanded
- Increased community wellbeing and equitable allocation of resources
- Increased regional/national sporting events in Oamaru
- Increased population growth and employment

The strategic priorities have been used to determine the investment objectives below.

### 2.3.2 Investment objectives

The investment objectives resulting from the investment logic map exercise are:

- To sustain and grow participation in core and potential sporting codes – improved facilities will encourage greater participation in sports and provide spaces for new sports (futsal and fitness programmes).

- To enhance health, wellbeing and resilience for all members of the Waitaki community – participation in regular exercise, sports and community events is considered good for general wellbeing, health, and resilience (mental health).
- To leverage sport and recreation to boost economic growth and development within the Waitaki district – increased visitor numbers associated with regional events will support local businesses, local schools and likely attract people to the district to live and work.

### 2.3.3 Potential solutions

This section sets out the potential solutions to meet the business requirements. There is the core option regarding the size of the indoor facility and whether to incorporate squash courts or not, and then a number of sub-options regarding the features to be included within the new facility. Decisions are also required regarding the preferred location of the new facility and whether any of the existing facilities will be incorporated into the new facility (shared spaces). The list of options considered are outlined below.

The potential solution and business requirements are an appropriately sized and equipped indoor community recreation centre.

The core options are:

- SC-1 Status Quo (do nothing), continue to work with local community groups and schools to support sports.
- SC-2 Minimum requirement (less ambitious), new indoor recreation centre with four courts, a fitness centre, no squash courts and no commercial kitchen.
- SC-3 Desirable requirements (preferred way forward), new indoor recreation centre with six regulation courts, fitness centre, commercial kitchen, mix of floor surfacing, no squash courts, flexible rooms to support events and functions, and office space.
- SC-4 Optimal requirement (more ambitious), new indoor recreation centre with six regulation courts, full sprung floor, squash courts, fitness centre, commercial kitchen, flexible rooms to support events and functions, and office space.

The sub-options are:

- No additional features (courts only)
- Co-locate/shared features with existing buildings (such as grandstand) nearby (function rooms/ changing rooms) some new spaces (flexible rooms/office space/fitness centre)
- Build new features (within a new facility) full features (function rooms, changing rooms, kitchens, office space, fitness centre)

The location sub-options are:

- Centennial Park, rear of Grandstand
- Centennial Park, incorporating Excelsior clubroom
- Centennial Park, mid-field
- Awamoa Park, opposite supermarket and petrol station

### 2.3.4 Key Considerations

In addition to the potential solutions, the following sets out other key considerations, constraints, dependencies, and risks. WDC have also completed a PESTLE Analysis of future uncertainties that is presented in Table 2.

The biggest constraints and dependencies that have been identified through this project are:

- Funding - Capital funding for the new facility and increased ongoing operating cost is the biggest constraint. If Council capital cost contribution is lower, then user fees and rates funding will also be lower which will hopefully encourage greater participation. An advisory working group with a separate fundraising group has been established to submit funding applications, approach prospective funders, and drive fundraising campaigns. WDC's LTP includes the new indoor facilities and is seeking feedback from the community around the level of Council funding that is considered appropriate.
- Gaining strong local support from residents and a range of local sporting codes is a key dependency. WDC has been actively engaging with local sporting codes around their requirements and support for the new facilities. This includes support from local schools.
- The new facility needs to be right sized, to meet the needs in an affordable way. The advisory working group have visited a number of existing facilities and have tested features required to make the new indoor facility both fit for purpose and affordable.
- As existing sporting facilities will continue to operate, the maintenance needs and current operating costs for those facilities will continue (no demolition planned). Most existing facilities are managed by local clubs and not funded by Council. WDC will have limited funds available to support other existing facilities - ongoing consultation with existing clubs is required to ensure the needs of district sporting are adequately met. Future decisions may be required around the use of existing facilities. Note discussion has occurred regarding the possible demolition of Drill Hall.

An assessment of the key internal and external risks that may impact this project has been carried out. The process identified that the contingent events that are likely to have the largest impact on the achievement of the strategic objectives are:

- The project relies on getting up to 60% of the capital cost funded by external parties. Securing this funding is essential for the project to proceed.
- There is a risk that construction costs will escalate above estimates while fundraising is occurring, extending the budget required or restricting the size and features of the building. This is addressed in Section 3 Options Analysis and Section 5.1 Procurement Approach.

### PESTLE Analysis

Table 2 sets out the PESTLE analysis undertaken by WDC which outlines the uncertainties or risks associated with this project. These uncertainties or risks form the basis of the risk assessment and are used to form the basis of mitigation strategies that will be managed as the project progresses.

**Table 2 - PESTLE analysis of future uncertainties: Waitaki District Indoor Community Sports Centre (ICSC)**

Dimension	Uncertainties	
Political	<ul style="list-style-type: none"> <li>• Need for a district-wide perspective</li> <li>• Possibility of government change (Central government influencing local government) in the election cycle</li> <li>• Competition between regions</li> <li>• Competing priorities (dollars, focus)</li> <li>• Heeding the 'silent majority' rather than a few nay-sayers</li> </ul>	<ul style="list-style-type: none"> <li>• Building a sharing mindset (e.g. between different codes)</li> <li>• Overcoming the fear factor – the cost versus community benefits</li> </ul>
Economic	<ul style="list-style-type: none"> <li>• Economic wellbeing – stronger communities, e.g. farming</li> <li>• Travel times and costs, e.g. to regional/national competitions</li> <li>• Family time commitments – travelling, coaching, admin, etc</li> <li>• Demand for more/larger court sizes for regional/national tournaments</li> </ul>	<ul style="list-style-type: none"> <li>• Pairing with other sports facilities, e.g. Otago University</li> <li>• Maintaining obsolete sporting facilities – sunk costs</li> <li>• Opportunities for multiple use venues, e.g. sporting/conference/exhibition</li> <li>• Future-proofing in terms of design, materials, staging, flexibility etc</li> <li>• Risk that users won't pay</li> </ul>
Social/Cultural	<ul style="list-style-type: none"> <li>• Population growth trends</li> <li>• Increasing cultural diversity</li> <li>• Retention/repurposing of existing facilities</li> <li>• Changing leisure activities – casual vs formal events</li> <li>• Inclusive of cultures, disabilities, minorities, etc</li> <li>• Opportunity to host/develop elite sport talent</li> </ul>	<ul style="list-style-type: none"> <li>• Utilisation rates (time bound demand)</li> <li>• Youth retention (scholarships/ university studies)</li> <li>• Population retention/attraction</li> <li>• Ageing population</li> <li>• Age-group tournaments</li> <li>• International trends</li> <li>• Fostering local pride</li> </ul>
Technological	<ul style="list-style-type: none"> <li>• Demand for high-tech facilities including display, scoring screens</li> <li>• Live screening facilities</li> </ul>	<ul style="list-style-type: none"> <li>• Climate control</li> <li>• Disabled facilities</li> </ul>
Legal/Legislative	<ul style="list-style-type: none"> <li>• Restrictions against gathering – e.g. Covid</li> <li>• Don't restrict usage, e.g. by insisting on normal office hours</li> </ul>	<ul style="list-style-type: none"> <li>• ACC/H&amp;S standards/changes</li> <li>• Latest earthquake/fire regulations</li> </ul>
Environment	<ul style="list-style-type: none"> <li>• Impact of climate change/carbon neutral</li> <li>• Impact of travel restrictions</li> </ul>	<ul style="list-style-type: none"> <li>• Captive audience – central location</li> <li>• Infrastructure 'future-proofed'</li> </ul>

## 2.4 Multi-criteria analysis

The multi-criteria analysis seeks to quantify both the financial and non-financial benefits and costs of each option. Table 3 is an assessment of the options against the investment objectives and critical success factors. This shows the preferred option as the six court facility with no squash courts as meeting the investment objectives and critical success factors.

**Table 3 Assessment of options against investment objectives and critical success factors**

Investment objectives	Status Quo	Four Court no Squash	Six Court no Squash	Six Court + Squash
To sustain and grow participation in core and potential sporting codes	No	Partial	Yes	Yes
To enhance health wellbeing and resilience for all members of the Waitaki community	Partial	Yes	Yes	Yes
To leverage sport and recreation to boost economic growth and development within the Waitaki district	No	No	Yes	Yes
Critical success factors	Option 1	Option 2	Option 3	Option 4
<b>Strategic fit and business needs</b>	No	Partial	Yes	Yes
<b>Provides value for money</b>	No	Partial	Yes	Partial
<b>Within supplier capacity and capability</b>	Yes	Yes	Yes	Yes
<b>Potentially affordable</b>	Yes	Yes	Yes	No
<b>Potentially achievable</b>	Yes	Yes	Yes	Yes
<b>Result</b>			Preferred	

Potential wider economic benefits of a new standalone facility could include reduced operating and maintenance costs from existing facilities if these buildings were removed or closed. The engagement with sporting clubs and codes has indicated a reluctance to move from their existing facilities. Not all buildings used by local sporting clubs are funded by WDC so do not impact this business case. Therefore, for this business case, it is assumed that there will be no benefits from reduced operation costs, nor any demolition costs.

The existing recreation centre receives a grant from WDC. It is located on WGHS land (the land is owned by the Ministry of Education, the Waitaki Community Recreation Centre trust has a licence to occupy). The Waitaki Community Recreation Centre Trust manages the existing centre. There is a deed covering the management and operation of the centre, including provision for the facility to become a WGHS asset if the community trust dissolves, or the centre is not self-funding (subject to WDC approval on community use). An elected member from WDC sits on the trust board.

This business case assumes that this facility will remain in operation and will continue to receive funding from WDC. The financial assessment shows the estimated revenue, expenditure and subsidy requirement for the proposed new centre, and also presents the total Council contribution required across both the existing and proposed facilities (i.e. the total recreation centre subsidy). The financial modelling assumptions in Section 4 assume the existing arrangement and continued Council funding. It assumes the existing recreation centre competes with the new indoor centre for revenue/programmes with no permanent set-up for gymnastics/trampolining/boxing.

Table 4 provides a summary of the advantages and disadvantages of each option assessed.

**Table 4 Summary advantages and disadvantages**

Option	Status Quo	Four Court no Squash	Six Court no Squash	Six Court + Squash
<b>Description</b>	No new facility	New Four court stand-alone facility (5400sqm), fitness centre, basic admin	New Six court stand-alone facility (7500sqm), fitness centre, admin & function areas	New Six court stand-alone facility (7800sqm), fitness centre, full admin, catering, function areas
<b>Advantages</b>	No increased operating cost. Funds available to support existing facilities	Lower capital construction cost and operating cost. Supports local indoor competitions	Large enough facility to attract regional competition and support expanded local competitions. Still affordable with considered design. Squash and Badminton get favourable comments on the character of the existing facility and have control over playing times.	Facility large enough to host the full range of indoor sports. Could vacate other existing facilities and reduce maintenance costs (squash).
<b>Disadvantages</b>	Does not support increased local participation in sports or attract regional events. No economic growth. Residents travel out of the area for sports. Continued loss of sporting codes	Not large enough to attract regional events or support economic growth. Continued capacity constraints	Excluding Squash means still need to fund maintenance of existing facilities used to support indoor sports although not a WDC cost.	Not affordable, and not required to support indoor sports particularly if existing facilities are not disestablished. Risk higher capacity not fully utilised
<b>Preference</b>			Preferred Solution	

### 3 Options analysis

#### Scope (what) – What scale of investment possible?

The scale of investment has the following key components:

- Core options - the size of the facility (number of courts and whether to include squash courts), and
- sub-options features - features included within the facility (changing rooms, kitchen, creche, fitness centre, office space, entrance area, etc) these have been assessed separately below.
- Sub-option location – site selection has a number of constraints, available space for the size of the facility, parking space, linkage/shared features with existing buildings, ability to create a sports hub and ground conditions.

The range of options have been assessed in the following options analysis.

## Core Option

A range of size options for the new facility have been evaluated. Sports Otago have completed several studies into the number of courts required including reviewing existing facilities. Several four court facilities (such as Timaru and Ashburton) have faced problems with lack of court space after opening with demand exceeding available court space. The feasibility study confirmed that six courts would be required to support indoor netball and basketball competitions and attract regional events. Table 6 below presents the Player/Court Ratio for the Waitaki community which confirms that five to six courts are the recommended size.

WDC have had further engagement with squash and badminton, which has indicated that there is little support to move from the existing facility on Tyne St. The conclusion from this engagement is that the additional cost of including squash courts is not considered affordable or required.

The need for a new indoor facility has been investigated by WDC for several years and consulted with the community. Funding has been a key constraint, WDC has been informed of a substantial donation toward this project. This donation is subject to the new facility meeting the future needs of the community and court size is a key factor.

The above demonstrates that the desired size is a six court facility of approximately 7,500 sqm excluding squash courts. Table 5 provides a summary of the core option assessment.

**Table 5 Scope Core Option**

Ref.	Description of Option:	Overall Assessment
SC-1	Status quo – Do nothing	Discounted, does not meet strategic objectives to grow participation
SC-2	Minimum – New standalone indoor (four courts) 5400 sqm facility	Discounted, too small to attract regional events and meet expected demand
SC-3	Desirable – New standalone indoor (six courts) 7500 sqm facility	<b>Preferred solution</b> , affordable, appropriate size to support local competition and attract regional events
SC-4	Optimal – New standalone indoor facility (six courts + squash) 7800 sqm facility	Discounted, not affordable, existing squash facilities meet demand

Sports Otago have prepared three separate reports regarding the feasibility (needs assessment), Options report, and Stage 3 commission for the indoor recreation centre. Table 6 presents the Players/Court Ratio for a number of sports facilities across New Zealand and identifies capacity constraints occurring when the number of participating basketball and netball players exceeds 400 per court. This indicates that the five and six court options provide the best player/court ratios both for existing and future use in Waitaki.

This assessment is focused on what would be required for a new facility. While this requirement could potentially be met from a combination of the existing recreation centre and other school gyms, these facilities do not have regulation sized courts and create complexity in coordinating competitions with bookings across multiple venues. The lack of regulation sized indoor courts is a key current constraint to attracting regional events and tournaments.

**Table 6 Player/Court Ratio Comparisons (source: Sport Otago Feasibility Study)**

Local Authority	No of Courts	Local Population /Court	District Population /Court	District Netball/ Basketball participation/Court	Comments
Motueka	4	2925	2925	264	Well used
Gore	4	1982	3008	286	Basic facility
Waimate	2	2282	3770	290	Well used facility.
<b>Waitaki (6 court)</b>	<b>6</b>	<b>2750</b>	<b>3471</b>	<b>309</b>	
Clutha	5	2058	3419	315	Adequate size and well used.
Waitaki (5 courts)	5	3300	4165	371	
Taupo	3	6934	5485	428	Too small for current population.
Waitaki (4 courts)	4	4125	5206	464	
Dunedin (Edgar Centre)	21	5524	5726	517	Planning for more courts
Invercargill	10	5169	5169	538	Seeking to add 5 more courts
Ashburton	4	4145	7760	667	Very heavily utilised, extensions planned
Queenstown/Wanaka	2 + 2	8009	7055	677	Too small when opened
Marlborough	3	8495	10855	868	Very well utilised. Programmes run at the centre encourage use.
Waitaki (2 courts – present situation)	2	8252	10412	926	Current Recreation Centre
Nelson/Richmond	5	16379	16379	1459	Manager believes 5 courts are sufficient for the local population

### Sub-options - features

The choice of option is also related to quality and standard of finish (floor surface – timber sprung or synthetic, adequate for netball, basketball & tennis) along with a range of supporting amenities, e.g. conference area, kitchen facilities, sports offices, size of fitness centre, storage, and reception. These factors and the procurement approach can significantly impact the construction cost. The recommended approach is to focus on maximising indoor court space and testing the need and extent of amenity features incorporated into the new facility. Three key sub-options have been considered in addition to a list of desired features.

The sub-options are:

- No additional features (Courts only)
- Co-locate/shared features with existing buildings (such as grandstand) nearby (function rooms/ changing rooms) some new spaces (flexible rooms/office space/fitness centre)
- Build new features (within a new facility) full features (function rooms, changing rooms, kitchens, office space, fitness centre)

The advisory working group workshop covered these sub-options and features to confirm the preference. The preferred option is to build new features within the new facility including multi-purpose rooms, changing rooms, kitchen with commercial grade appliances, office space and spaces that could be leased to generate revenue such as a fitness centre. The summary of the sub-option assessment is presented in Table 7.

**Table 7 Scope Sub Options**

Ref.	Description of Option:	Overall Assessment	Preference
1	Minimum – No additional features (courts only)	Cheapest option to build but limits the ability to generate revenue from other activities. Amenity value and functionality may be compromised	
2	Desirable – Co-locate/ shared features with existing buildings (such as grandstand)	Look to optimise the use of existing facilities, minimise expenditure on additional features, may require an upgrade of existing facilities. No duplication of existing facilities (such as functions rooms & changing rooms) could incorporate features to generate revenue (fitness centre and office space) into a new facility. May require refurbishment of existing facilities. Limits site selection to co-locations.	
3	Optimal – build new features (within a new facility)	Best functionality and amenity value, potentially more expensive to build. High quality stand-alone facility that has the potential to generate significant revenue from additional features that support events (kitchen, office space, fitness centre) new changing rooms and function rooms. Potentially redundant existing facilities, loss of revenue from existing facilities.	Preferred solution

### Other Features

The following is a list of additional features that could be incorporated into the new facility. These were covered off with the advisory working group. Table 8 (features relating to court flooring and green credentials) and Table 9 (relating to spaces within the facility - offices, kitchens) set out which features are desired to be included within the new facility.

**Table 8 Additional features**

Feature	Must have/Nice to have	Preference (working group)
<b>Flooring</b>		
<b>Sprung timber (2 or 4 or all)</b>	Minimum 2, 4 if fits budget	3
<b>Synthetic (2 or 4 or all)</b>	Balance of Sprung timber	3
<b>Floor protection</b>	Must have	Must have
<b>Green credentials</b>		
<b>Insulation</b>	Must have	Must have
<b>Heating, Ventilation, AC</b>	Right level of HVAC required	Must have, right functionality for different spaces
<b>Rainwater collection</b>	Nice to have	Not required
<b>Solar</b>	Nice to have	Not required
<b>Heat recovery</b>	Nice to have	Not required
<b>Zero waste</b>	Nice to have	Not required

**Table 9 Additional features**

Feature	Approximate Cost Implications	Must have/Nice to have	Preference
<b>Tournament Control Room</b>	\$70,000 - \$80,000	Must have	Must have
<b>Storage Room</b>	\$75,000	Must have (guidelines recommend 13% of the total area should be storage)	Extremely important
<b>Changing Facilities</b>	\$400,000 - \$450,000	Must have – some bathroom facilities but the extent needs to be tailored to fit within budget. Possibility to share with existing facilities	Required to support indoor sports, lockable
<b>Public, staff amenities</b>	\$400,000 - \$450,000		Required
<b>First Aid Room</b>	\$60,000	Must have/could be a shared space near control room or storage	Shared with Tournament Control
<b>Spectator Gallery (seat 500)</b>	\$750,000 - \$850,000	Must have – some form of spectator seating and viewing area required tailored to budget	Require movable seating up to 500
<b>Office, reception, foyer</b>	\$900,000 - \$1,050,000	Must have – need some form of foyer/reception extent dependent on the final location. Could share with another facility. Could hire out office space to sporting codes if there is demand	Require office space, reception flexible design to support leasing space & sports hub
<b>Multi-purpose rooms (meetings, function)</b>	\$750,000 - \$900,000	Must have – this could be a source of additional funding	Must have multipurpose rooms that can be used to support different events to generate revenue
<b>Kitchen or kitchenette</b>	\$45,000 - \$150,000	Nice to have – extent to be confirmed small kitchenette may meet demand, full commercial kitchen more expensive is there a need, is a servery required or not?	Require a kitchen with commercial grade appliances
<b>Fitness centre (spin room, running track, open space)</b>	\$200,000 - \$2,000,000	Nice to have – existing recreation centre has a fitness centre should this be replicated, is a warmup area required, could generate additional revenue if there is demand, cost dependent on equipment provided	Need a space that can be used to support fitness programmes and generate revenue
<b>Creche/parenting space</b>	\$150,000	Nice to have – could this be a multi-purpose room, what is the demand for a creche, is a parenting space required instead of Creche, what equipment/play equipment required?	No creche but a multi-purpose space that can be used by parents
<b>Carpark (150 spaces) shared or additional</b>	\$800,000 - \$950,000	Centennial Park has existing parking areas. Additional area may be required, dependent on location	Lowest priority as existing parking at Centennial Park but some additional parking would be desirable

### Sub-option location

A full range of potential locations for the new indoor facility were reviewed (18 different sites) as part of the Sports Otago feasibility study. Consultation on options occurred in 2016 as part of the feasibility study. The highest scoring sites from the feasibility study are:

- Centennial Park, rear of Grandstand
- Centennial Park, incorporating Excelsior clubroom
- Centennial Park, mid-field rugby grounds
- Awamoa Park, opposite supermarket and petrol station

Table 10 presents the location option assessments.

**Table 10** location assessment

Criteria	Centennial Park – Excelsior club	Centennial Park – rear grandstand	Centennial Park – Mid field	Awamoa Park
<b>Available space/area to expand</b>	Yes	Yes	Partial	Yes
<b>Parking/traffic movements</b>	Yes	Yes	Yes	Partial high traffic volumes (SH) an issue
<b>Ground conditions/ease of build</b>	Partial – may need to remove Excelsior clubrooms	Yes	Partial – ground works required to remove field drainage level embankment	Yes
<b>Sports hub/proximity to sports fields</b>	Yes	Yes	Yes	No – limited other sports at this location
<b>Shared facilities/co-location</b>	No	Yes – refurbishment cost implications	No	No
<b>Impact on existing sports/relocation</b>	Excelsior clubrooms and bowling green may be relocation	Softball field would need to be relocated. No current club	Change to main Rugby field and embankment & relocation grandstand (approx. \$5m)	No major change
<b>Impact on neighbours</b>	Good distance from neighbours existing sports facilities in this location	Good distance from neighbours existing sports facilities in this location	Good distance from neighbours existing sports facilities in this location	Neighbours close depending on the location
<b>Consents/special conditions (archaeological/contamination)</b>	Need to understand the extent and location of closed landfill to refine options at Centennial Park. No consenting issues expected			May have consenting issues if neighbours concerned about change of use at this site. Awamoa Park may have consent issues with access to SH.
<b>Preference</b>		Preferred solution		

Of the options, the preferred locations are within Centennial Park. This will essentially create a sports hub at Centennial Park as there is already a range of sports including athletics, cricket, netball, basketball, hockey, rugby, football, indoor and outdoor bowls, croquet, softball, squash, and badminton at this location. It is also close to secondary schools who use these facilities. Centennial Park is relatively flat and easy to construct a new indoor facility with space for parking (existing and for additional). There are existing clubroom buildings and grandstand located on Centennial Park.

Various options at Centennial Park have been explored from building a stand-alone new facility to incorporating existing clubroom facilities or the grandstand into the new building. If incorporated into an existing building this would likely involve additional demolition cost or cost to upgrade the existing facilities. Engagement has occurred with existing clubs, particularly Excelsior. This has resulted in a preference to not demolish existing buildings/facilities at Centennial Park. Although discussions are continuing regarding options to either upgrade or alter the existing grandstand and associated changing rooms (these discussions are out of scope for this business case).

One solution is locating the new facility at the rear of the existing grandstand. This would allow a connection (walkway or entrance) to be created between the grandstand and the new recreation and event centre allowing some shared facilities (such as changing rooms, function rooms). The existing outdoor softball pitch would need to be relocated to another outdoor field (there is currently no active softball team). There is existing carparking at Centennial Park so the area required for additional parking would be reduced. This site is large enough to allow for any future expansion of the indoor facility.

It is understood that parts of Centennial Park were a closed landfill and this risk needs to be mitigated. Initial geotechnical investigation work has been undertaken at this location to confirm suitability for the building. Refer to separate report “Geophysical Investigation Centennial Park, Oamaru by Southern Geophysical, April 2021”. The initial ground investigations confirm that the best ground conditions are at the rear of the grandstand and the closed landfill appears to be located in the carparking area near the Excelsior building. An additional geotechnical investigation will be required to confirm the foundation design.

Based on the above, the advisory working group workshop selected the preferred location as a new stand-alone building on Centennial Park at the rear of the existing grandstand. This allows for any future connection with the Grandstand. There is a strong desire to establish a sports hub at Centennial Park where a number of sporting codes are located. This site is relatively flat and preliminary ground investigations confirm it was not a closed landfill so is suitable for building.

Further consultation is underway with rugby around what is required to upgrade the grandstand although this is outside of the scope for this business case and proposed investment. While the design of the new indoor facility will consider any future connection with the grandstand, the scope and focus of this business case and associated investment is the new indoor facility/courts and features to support the new building. Additional funding is likely to be required to upgrade or change the existing grandstand.

### Preferred option

- The preferred core option is a six court indoor facility with no squash courts.
- The preferred sub-option is a separate building with stand-alone features.
- The preferred location is Centennial Park at the rear of the grandstand (minimise disruption to existing facilities and sports codes), ground investigations show this site is suitable for building (not a closed landfill).

While some connection with the existing grandstand may be achievable, the core purpose of the project is to provide additional indoor courts. The changing rooms and amenities included in the new building are to support the functions and codes within the new building, i.e. not outdoor codes. The changing rooms in the existing grandstand support outdoor sporting codes.

### Service Solution (how) – How can services be provided?

The status quo is for indoor sports to be provided through both a range of small existing facilities and in partnership with schools. The existing recreation centre provides two indoor courts for basketball. This is not adequate to support a netball competition which is currently played outdoors and exposed to varying weather conditions. Tennis tournaments have been cancelled or postponed due to weather. Teams regularly travel to other areas to play indoor sports which is a disadvantage to the local community.

The section above concludes that the preferred option is a six court facility. Options have been reviewed around extending or combining the new facilities with existing facilities. These have all been discounted as there is either not enough space around existing facilities or there is significant additional cost and complexity. Table 11 presents the service solution options. The preferred option is a new stand-alone facility located at the rear of the grandstand at Centennial Park to create a sports hub for a variety of codes already located at this site.

**Table 11 Service solution**

Ref.	Description of Option:	Overall Assessment
SS-1	Status quo – existing facilities & schools	Discounted, doesn't meet strategic objectives, lack of indoor courts to support netball, basketball, and tennis.
SS-2	Minimum – extending existing recreation centre to include more courts	Discounted, not enough space around existing recreation centre for expansion
SS-3	Desirable – New stand-alone facility	Preferred solution, more cost effective to construct a purpose-built stand-alone facility
SS-4	Optional – Combine new facility with Excelsior clubrooms	Discounted, no support from Excelsior club, additional cost and complexity in construction

### Service Delivery (who) – Who can deliver the services?

The feasibility study evaluated different management options around who would deliver the services offered from a new indoor facility. The highest scoring options were in-house management, contracted or leased to a Community Trust or Committee and Mixed Management Model.

The existing recreation centre is managed via a community trust that receives a grant from WDC. WDC staff provide management support and oversight of the recreation centre but are not involved in the day-to-day operation or management. WDC are involved at a governance level to ensure the facilities are well maintained and managed. Trust staff manage bookings and work with different sporting codes to optimise the utilisation of the facility. Part of the trust deed covers the recreation centre transferring to Waitaki Girls High School if the community trust dissolves or experiences financial difficulty. WDC have oversight of management accounts and can provide advice as required, particularly around asset management.

The utilisation of the existing recreation centre will change when the new indoor facility is operational this could include a 'hall for hire' approach, which would not be staffed unless necessary. Under this approach, there may be a benefit in shared management between the existing and new facilities.

This model is working well for the existing recreation centre and the Sports Otago studies showed a desire to continue this management structure. A possible solution is to combine the overall management of both the existing and new indoor centres to optimise staff overhead costs and maximise the promotion and utilisation of both facilities with joint coordination of programmes and codes.

A key concern with the management of the new facility is the significant investment from WDC and rates required to support ongoing operational costs. The issue of asset ownership and responsibility for maintenance and operation cost becomes a key driver in determining who delivers the service.

### Key points

The following key points were considered when assessing service delivery options.

- Existing arrangement with Community Trust works well however would need to change to accommodate the new facility
- If 50/50 capital investment, does this affect the preferred model?
- Who will own the asset and be liable for maintenance and operation costs?
- Is the Community Trust a stable model dependent on volunteer involvement and community representation?
- Council would need to protect its investment
- Council is a stable organisation
- Cost-effective model required

Table 12 provides an assessment of the service delivery options.

**Table 12 Service delivery**

Criteria	Status Quo – community trust mixed management, WDC funding & oversight	WDC in-house management	Council Controlled Organisation	Contracted/Leased to Private Provider	Contracted/Leased to Community Trust	Hands off model
<b>Description</b>	Trust responsible for operations. Shared ownership of the facility, shared management responsibility. WDC funding and oversight	WDC 100% responsible for all aspects of management and operation.	CCO established to manage and operate the new facility. WDC still own the asset.	WDC own the asset and have a contract agreement with a private provider to operate the facility. All costs sit with WDC.	WDC own the asset and have a contract agreement with community trust to operate the facility. All costs sit with WDC.	Separate organisation owns and manages the new facility (asset transferred).
<b>Asset management</b>	Existing Recreation Centre Trust is responsible for AM. For the new facility possibility for WDC responsible for AM.	WDC responsible for AM, expertise utilised.	CCO responsible for AM.	WDC responsible for AM, expertise utilised.	WDC responsible for AM, expertise utilised.	No WDC involvement in the management of assets.
<b>Event and programme coordination</b>	Trust responsible for the coordination of the programme and engaging with the community. Extension of success of existing recreation centre programmes.	WDC would be responsible for the coordination of programmes. Would need to employ additional staff (or utilise staff from existing recreation centre).	WDC would be responsible for the coordination of programmes. Staff would sit within the CCO.	Private provider would be responsible for the coordination of all programmes and management of the facility.	Community Trust would be responsible for the coordination of all programmes and management of the facility.	Depends on the organisation but they would be required to coordinate all programmes and manage the facility.
<b>Connections with existing facilities - WGHS gym, aquatic centre, others?</b>	Strong connection with existing recreation facility if managed by the same organisation.	WDC already involved with the management of the aquatic centre and have oversight of existing facilities	Separate management of the new facility.	Separate management of the new facility.	Separate management of the new facility.	Separate management of the new facility.
<b>Governance and strategic decisions</b>	Shared governance arrangement between WDC and Community Trust.	Governance sits with WDC simple arrangement.	Governance sits with WDC reporting from CCO.	Governance sits with WDC via contract.	Governance sits with WDC via contract.	No WDC involvement.

Criteria	Status Quo – community trust mixed management, WDC funding & oversight	WDC in-house management	Council Controlled Organisation	Contracted/Leased to Private Provider	Contracted/Leased to Community Trust	Hands off model
<b>Ownership and liability</b>	Shared ownership and liability between WDC and community trust.	Full ownership and liability with WDC.	Full ownership and liability with WDC via the CCO.	Full ownership and liability with WDC.	Full ownership and liability with WDC.	No WDC ownership or liability.
<b>Fundraising</b>	Should be able to access both central government and community funds.	Easier to access central government harder for community funds.	Easier to access central government harder for community funds.	Might be harder for Private organisation.	Should be able to access both central government and community funds.	Limited to Community Trust.
<b>Establishment and operational cost</b>	Expansion of existing arrangement relatively easy to modify existing structure.	Would need to employ additional WDC staff (or transfer / utilise staff from existing recreation centre), although relatively easy to implement.	Expensive to set up and administer.	Would need local private provider to undertake the service.	Would need local community trust to under the service.	Would need a separate organisation established to own and provide the service.
<b>Preference</b>	Possible, the current model works well. However, significant changes would be required if extended to incorporate a new facility (agreement between parties required, changes to trust deed).	Preferred Solution, WDC has staff and systems currently that manage the swimming pool complex that could be used to manage the new facility. Some additional roles would be required for day to day management at the new facility. The management of the existing recreation centre, if onsite staff and reception are not required, could be integrated with the new facility subject to a trust agreement.	Discounted, overly complex for the size of operation	Discounted, no private providers locally	Discounted, WDC oversight required (rates funding, asset management)	Discounted, only applicable if not funding from WDC rates

The outcome of the assessment of options has the preferred option as WDC in-house management. However, the advisory working group acknowledged that some form of committee oversight was required to gain full support from the local community and sporting codes. It is worth noting lessons learnt from the design and management of the swimming pool facility. Given the significant rates contribution towards the new indoor facility, Councils' expertise in procurement, project management and operation of facilities should be fully utilised to ensure a successful outcome for the community.

An extension of the status quo model is a possible solution. However, it is acknowledged that the current trust deed and management arrangement would need to change substantially if the management of the new indoor facility were included.

The advisory working group agreed that the new facility should be owned by WDC as a substantial community asset and being substantially funded from rates. WDC should also be responsible for the maintenance, cleaning, and general management of the facility. The advisory working group suggested that a community group is established that has oversight of the management of the facility to ensure sporting codes and local community involvement in the new facility. This will require an agreement to be developed that clearly articulates the roles and responsibilities of each party.

It was noted that there have been changes to trust laws and a community trust may not be the best mechanism. Further legal advice is required around what mechanism is best for the establishment of a community management group or extension/modification to the existing trust deed.

### Implementation (when) – When can services be delivered?

The implementation is very dependent on securing funding for the new facility and the overall impact on rates. The preferred solution is to commence construction at the end of the current LTP period between 2023 and 2025. Construction costs and resulting operating costs will increase with delays due to inflation. There is a need to allow sufficient time to finalise designs and for the procurement of construction contracts prior to commencement of construction. The design and procurement phase is likely to take up to 2 years and construction will take six months to a year depending on design features, construction method and any delays, e.g. Covid supply chain issues. Table 13 provides a summary of implementation options.

**Table 13 Implementation**

Ref.	Description of Option:	Overall Assessment
IM-1	Status quo, no new facility	No implementation required
IM-2	Current LTP period, 2023 - 2025	Preferred solution, dependent on securing funding
IM-3	Next LTP period	Possible solution, if funding is not secured, capital cost likely to increase

### Funding – How can it be funded?

There are two aspects to funding: initial capital construction cost and ongoing operational cost.

#### Capital Cost

There are several external capital funding options available to WDC that will reduce the total debt required to cover construction costs. WDC is seeking to cap the capital funding provided which puts pressure on fundraising to secure the total capital cost required. This could delay the construction commencement, however, it limits rates exposure and puts emphasis on achieving a cost-effective build within budget. If WDC fully funds the total capital cost this increases the impact on rates. The preferred solution is to cap the funding provided by Council.

## Operational Cost

The estimated operational cost (staff, utilities, etc) will vary depending on utilisation. The level of loan repayments and depreciation costs also impact the overall operational cost. Revenue from user charges, hire, and other activities (fitness centre, office space) can help to reduce the net operating cost. The level of user charges applied may impact the utilisation of the facilities.

The preferred and most affordable solution is to fund operating costs from a combination of rates and user charges. However, user charges will need to be set at an affordable level, so utilisation is not impacted.

**Table 14 Funding**

Ref.	Description of Option:	Overall Assessment
FU-1	Status quo	No change in funding requirements
FU-2	Mixed user charges & rates	Preferred solution, maximise funding sources to cover capital and operating cost
FU-3	Fully rates funded	Discounted, not affordable

### 3.1 Preferred option

The preferred option is a new stand-alone 6 court facility without squash courts, located on Centennial Park at the rear of the Grandstand.

The feasibility study highlighted that this is the most appropriate size for indoor netball and basketball competitions and to host regional events. It is proposed to have a mix of sprung timber and synthetic floor surfacing to support a range of different sporting codes and events. Squash and badminton prefer to continue to use their existing facilities. The inclusion of squash courts is not required.

The desired solution is to build new features within the new facility to support the indoor codes and events utilising the new facility. Multi-purpose spaces and good storage facilities are key requirements. While some connection may be possible with the existing grandstand this is considered out of scope, particularly if it is going to delay this project or increase the cost. The list of additional features will be incorporated into the design where affordable, those features that help to generate additional revenue taking priority.

The removal of indoor netball and basketball games from the existing recreation facility frees this facility for the more permanent setup for gymnastic, trampolining and boxing, with continued use of the existing rock-climbing wall. The change in use and revenue will impact the operational budget for this facility. This will need to be finalised when the agreement is reached around whether gymnastic, trampolining and boxing relocate and what programmes will continue to be offered at this facility.

It is noted that a detailed design is required to determine what is achievable within budget constraints. The Sport Otago "Waitaki District Indoor Recreation Centre Stage 3 Commission" report presents detail around the concept design for the indoor Centre. The next stage in the project is to refresh and finalise the concept design based on the features covered above. Then update the cost estimate for the finalised concept design.

## 4 Financial case

### 4.1 Overall affordability and funding

Table 15 sets out the capital and operating costs for each option. The capital cost has been based on information provided by Sports NZ and tested against comparable costs of other recently built facilities. It should be noted these are not inflated costs and the construction cost at the proposed time of construction (2023 to 2025) is likely to be higher. Recent construction cost inflation has averaged up to 5% per year, this has been used to represent an inflated cost in Table 15.

#### Cost Comparison

Appendix E shows the cost comparison from recently completed indoor facilities around New Zealand. This shows the variability of completed construction cost on a cost per square metre basis. The final construction cost is more dependent on the specification of fixtures and fittings, additional features than the number of courts. To keep costs within a set budget it is important to focus on the core requirements of the facility.

#### Funding assumptions

The project will be funded using a combination of a Council loan, private external fundraising, and grants. WDC has decided to cap funding for this project at \$10 million (LTP consultation preferred option). Therefore, the project will only proceed if the additional funding can be secured. External funding of \$5 million has been offered if matched dollar-for-dollar making \$10 million and formal applications for funding are being developed.

The project cost estimate is based on concept plans and is very dependent on the features included and the level of specification. The procurement methodology will also have a significant impact on final construction costs. A design build approach with tight specification is recommended. This is based on a review of recently completed similar projects: Waimakariri DC, new four court facility with view areas and function rooms cost \$28m traditional procurement approach; Selwyn DC, new eight court facility cost \$22m design build procurement approach.

The status quo financial costing is based on the existing facility adjusted to reflect changing operation when the new facility is commissioned.

The key assumptions are as follows. Figures quoted exclude GST, estimates are based on the basic concept only (not detailed design) so will vary. The financials are based on a review of past construction costs, not inflated to the construction commencement date. Operating costs are based on a review of similar facilities and Sport NZ guidelines. Staffing costs have been shared between the existing recreation centre and the new facilities. There is no allowance for demolition costs and it is assumed that existing facilities will continue to operate.

#### 4.1.1 Financial costing

The financial costs and funding requirements for the project life are shown in Table 15 below. A cost estimate for each of the core options has been provided with both uninflated and inflated estimates. Loan repayments are based on WDC \$10 million cap. Table 16 presents the combined operational estimate for both the existing recreation centre and the new sports centre. Note if the level of WDC loan funding is higher, then the operating cost will increase. Consultation cost is based on a potentially higher operating cost.

Financial modelling assumes that:

- Existing recreation centre continues to operate under the existing arrangement and continues to receive Council funding.
- Existing recreation centre does not house gymnastics/trampolining/boxing and competes with a new indoor centre for revenue/programmes.
- If gymnastics moves, expect revenue for a new indoor centre to increase and revenue and expenditure in the existing recreation centre to decrease (i.e. there may be some financial improvement/ reduction in Council subsidy).
- New indoor centre operated under in-house management model with a shared resource pool.
- Programme costs (a quarter of programme revenue), this covers trainers and other associated staff costs for running programmes.
- Employment costs (in-house management); assumes Recreation Manager 0.5 FTE (other half is a pool), 0.25 FTE Programme Coordinator (other 0.25 is a pool), 1 Facility Manager (also does front desk), 1 FTE equivalent front desk type support.
- Figures exclude inflation that is between 2.6 - 5%<sup>1</sup> per annum depending on the cost index used (or between 11.5% - 20% by the expected construction date in 2025).
- Financial model based on achieving revenue from fees and charges between \$300,000 to \$500,000.

**Table 15 Financial costing**

Options	Option 1, Status Quo	Option 2, 4 court (5400sqm)	Option 3, 6 court (7500sqm)	Option 4, 6 court + Squash (7800sqm)
<b>Capital Cost not inflated</b>	\$0	\$20,500,000	\$25,000,000	\$26,000,000
<b>Balance to fundraise</b>		\$13,500,000	\$15,000,000	\$16,000,000
<b>Council contribution</b>		\$7,000,000	\$10,000,000	\$10,000,000
<b>Investment Cost</b>				
<i>Scoping</i>		\$100,000	\$100,000	\$100,000
<i>Concept Design</i>		\$100,000	\$100,000	\$100,000
<i>Detailed Design</i>		\$700,000	\$700,000	\$700,000
<i>Construction/Implementation</i>		\$19,500,000	\$24,000,000	\$25,000,000
<i>Consents</i>		\$100,000	\$100,000	\$100,000
<i>Disposal of existing asset</i>	\$0	\$0	\$0	\$0
<b>Total Investment Cost</b>	<b>\$0</b>	<b>\$20,500,000</b>	<b>\$25,000,000</b>	<b>\$26,000,000</b>

<sup>1</sup> The 2.6% represents the expected inflation factor in 2025 under the BERL mid-point local government cost index, inflation adjusters are higher under earlier years. The 5% represents the average Capital Goods Index movement over the last three years.

**Table 15 Financial costing (continued)**

Options	Option 1, Status Quo	Option 2, 4 court (5400sqm)	Option 3, 6 court (7500sqm)	Option 4, 6 court + Squash (7800sqm)
<b>Annual Operating Costs</b>				
Maintenance Costs	\$70,000	\$125,000	\$140,000	\$155,000
Operating Costs	\$190,000	\$195,000	\$250,000	\$255,000
Management Costs	\$15,000	\$20,000	\$20,000	\$20,000
Loan (Council only) interest		\$227,500	\$325,000	\$325,000
Other Depreciation fitout		\$110,000	\$110,000	\$150,000
<b>Total Expenditure</b>	<b>\$275,000</b>	<b>\$677,500</b>	<b>\$845,000</b>	<b>\$905,000</b>
Revenue	\$195,000	\$200,000	\$300,000	\$315,000
<b>Net Annual Operating Cost</b>	<b>\$80,000</b>	<b>\$477,500</b>	<b>\$545,000</b>	<b>\$590,000</b>

**Table 16 Financial costing incorporating both existing and new facilities**

Options	Option 1, Status Quo	Option 2, 4 court (5400sqm)	Option 3, 6 court (7500sqm)	Option 4, 6 court + Squash (7800sqm)
Proposed new facility contribution	\$0	\$477,500	\$545,000	\$590,000
Existing facility contribution	\$80,000	\$80,000	\$80,000	\$80,000
<b>Total annual council grant/contribution</b>	<b>\$80,000</b>	<b>\$557,500</b>	<b>\$625,000</b>	<b>\$670,000</b>

#### 4.1.2 Funding commitments

WDC’s LTP consultation asked residents to state their preferred funding limit and impact on rates as follows. “To budget for and develop a 6 court indoor sports and events centre with construction beginning in 2025:

- **Option One - Council’s preference:** Council’s contribution capped at a maximum of \$10 million. The impact on your rates: An increase of \$66.83 each year from 2025
- **Option Two:** Council’s contribution capped at \$12 million. The impact on your rates: An increase of \$77.94 each year from 2025
- **Option Three:** Council’s contribution capped at \$14 million. The impact on your rates: An increase of \$89.04 each year from 2025
- **Option Four:** To decline the proposal.”

Appendix F, LTP Feedback, provides a summary of the residents’ preferred option and comments. The highest scoring option was option one with 36%. Option four scored 23%, thus 77% of residents’ submitted positive responses on the draft LTP to support the Council providing funding towards the new indoor Sports and Events Centre.

The capital funding sources for this project are outlined below in Table 17. There could be a funding gap depending on the level of funding received from grants, donations, and other sources. The total capital cost is also subject to inflation further increasing the funding required. Rates may need to be raised by Council to fund repayments on the loan funded capital costs.

**Table 17 Capital funding sources**

Funding source	Amount	Committed/uncommitted
Rates		
Development Contributions (identify source)		
Reserves (identify source)		
Loans (Council)	\$10,000,000	Committed
Grants, e.g. MBIE, Lotteries Commission	\$6,000,000	Uncommitted
Donations	\$5,000,000 to \$10,000,000	Proposed
Other (fundraising)	\$4,000,000	Uncommitted

The operating funding sources for this project are outlined below.

**Table 18 Operating funding sources**

Funding source	Amount (per annum)	Committed/uncommitted
Rates	\$625,000 (incl. existing facility)	Uncommitted
Fees and Charges	\$300,000 to 500,000	Uncommitted
Other		

The likelihood of securing funding from uncommitted sources is considered to be high following further engagement and consultation with the community and submission of funding applications. The preferred option is considered affordable if additional capital funding is secured and the detailed design and construction remains within budget. The impact on rates is an increase of \$66.83 each year from 2025, based on a Council contribution of \$10,000,000.

Fees and charges revenue would be comprised of at least 30% net revenue from programmes (and more likely greater than 50%), including health and fitness classes and holiday programmes. The remainder of the fees and charges revenue would be from court hire, to achieve the required revenue from court hire the average charge (6,546 courts hours / year) would be \$30/hr to \$55/hr for court hire.

#### 4.1.3 Valuing Benefit

This business case does not seek to provide a full economic assessment due to the difficulties in accurately assessing benefits. A very rough estimate based on potential benefits from health care savings, reduced travel costs and local business. Appendix H provides further detailed information.

## 5 Commercial case/procurement overview

### 5.1 Procurement approach

The proposed procurement approach will follow the WDC procurement policy and align 'All of Government' best practice procurement processes. A design build approach with tight specification is recommended following approval of the overall concept design with key stakeholders. The recommended form of contract is NZS 3916 Conditions of contract for building and civil engineering – Design and construct. An open procurement, single stage process is also recommended.

A key risk is scope creep and cost escalation making the project unaffordable for the community and requiring additional funding to be secured. A fit for purpose design is sought that maximises court space and minimises additional features that may not be fully utilised. This approach was highlighted when comparing the recent construction costs for the Selwyn DC Rolleston indoor facility (8 courts) design building approach (\$22 million) verse Waimakariri DC Rangiora indoor facility (4 courts) traditional procurement approach separate design and construction contracts (\$28 million).

### 5.2 Market interest

While there has been no formal engagement or feedback from the market, there is expected to be reasonable interest in this project due to the size of the build. In preparing this Business Case discussion has occurred with Apollo Group who have built several indoor facilities and local contractors who have expressed interest in the project.

Several similar indoor facilities have been built throughout NZ and there is considerable local expertise to complete this project. Recent examples include the new 8 court indoor facility in Selwyn district and 4 court indoor facility in Waimakariri district. Advance notice and supplier briefings will be incorporated into the procurement process to actively engage with the market.

## 6 Management case

### 6.1 Project management framework

The project will primarily be managed by WDC staff reporting through a Project Governance Group that reports to elected members on key milestones and raises any risks and issues as they occur.

An advisory working group of key stakeholders has been formed with sub-groups responsible for fundraising and finalising the concept design. WDC staff are meeting with this group on a regular basis as the project progresses. Importantly, the community trust must continue to be involved in this project due to the impact on the existing recreation centre. The advisory working group is a key link with community groups. This will help to ensure sustained community support for the project. Appendix G provides an overview of the project structure with roles and responsibilities of the different groups.

#### 6.1.1 Project programme

The proposed indicative project programme is shown below. The priority is to achieve support for the new facility via the LTP consultation process. The formal project framework would then need to be established with roles and responsibilities between WDC and the advisory working group clearly outlined.

**Table 19 Proposed project programme**

Key project milestone	Estimated delivery date
LTP consultant and feedback analysis	April/May 2021
Stakeholder site visits of recently completed facilities and workshop	March/April 2021
Business Case approved	July 2021
Fundraising strategy commencement/Funding application submitted	Mid to late 2021
Concept plan developed and approved by key stakeholders	Mid to late 2021
Procurement process	Late 2021 to mid 2022
Preferred supplier (design build contractor) selected	Mid 2022
Detailed design completed and approved	Mid 2022 to late 2022
Resource and building consent approval	Mid to late 2022
Funding secured	Late 2022 to early 2023
Construction commencement	Early to mid 2023 (subject to securing funding)

### 6.1.2 Stakeholder engagement and communication strategy

The key stakeholders involved in this project are shown below. Previous consultation has occurred regarding the project. When the feasibility study was prepared, and investment logic mapping completed, key stakeholders, via the advisory working group, were engaged in workshops and meetings. WDC staff meet regularly with elected members and the advisory working group to discuss progress on the project. Extended engagement and consultation are currently planned as part of the LTP process.

**Table 20 Stakeholder engagement plan**

Stakeholder group	Involvement to date	Proposed engagement approach	Aware of project
Residents & ratepayers	Previous consultation 2016	LTP consultation process	Yes
Local and regional sports clubs	Input into the feasibility study	LTP consultation process	Yes
Local iwi and Pacifica	Previous consultation 2016	LTP consultation process	Yes
Elected members	Input into the feasibility study	Regular meetings	Yes
Local schools	Input into the feasibility study	Meetings to discuss option	Yes
Recreation community trust	Input into the feasibility study	Regular meetings	Yes
Sport centre advisory group	Regular meetings	Regular meetings	Yes

## 6.2 Organisational change management

This project does not involve a significant change to roles/staff/processes already in place within WDC. The preferred management option is WDC in-house with collaboration with the management of the existing recreation centre community trust. This does not involve any significant change. Additional staff will be required on a casual basis when the new facility is operational. The sport centre advisory working group has already been established and meets regularly.

## 6.3 Risk management framework

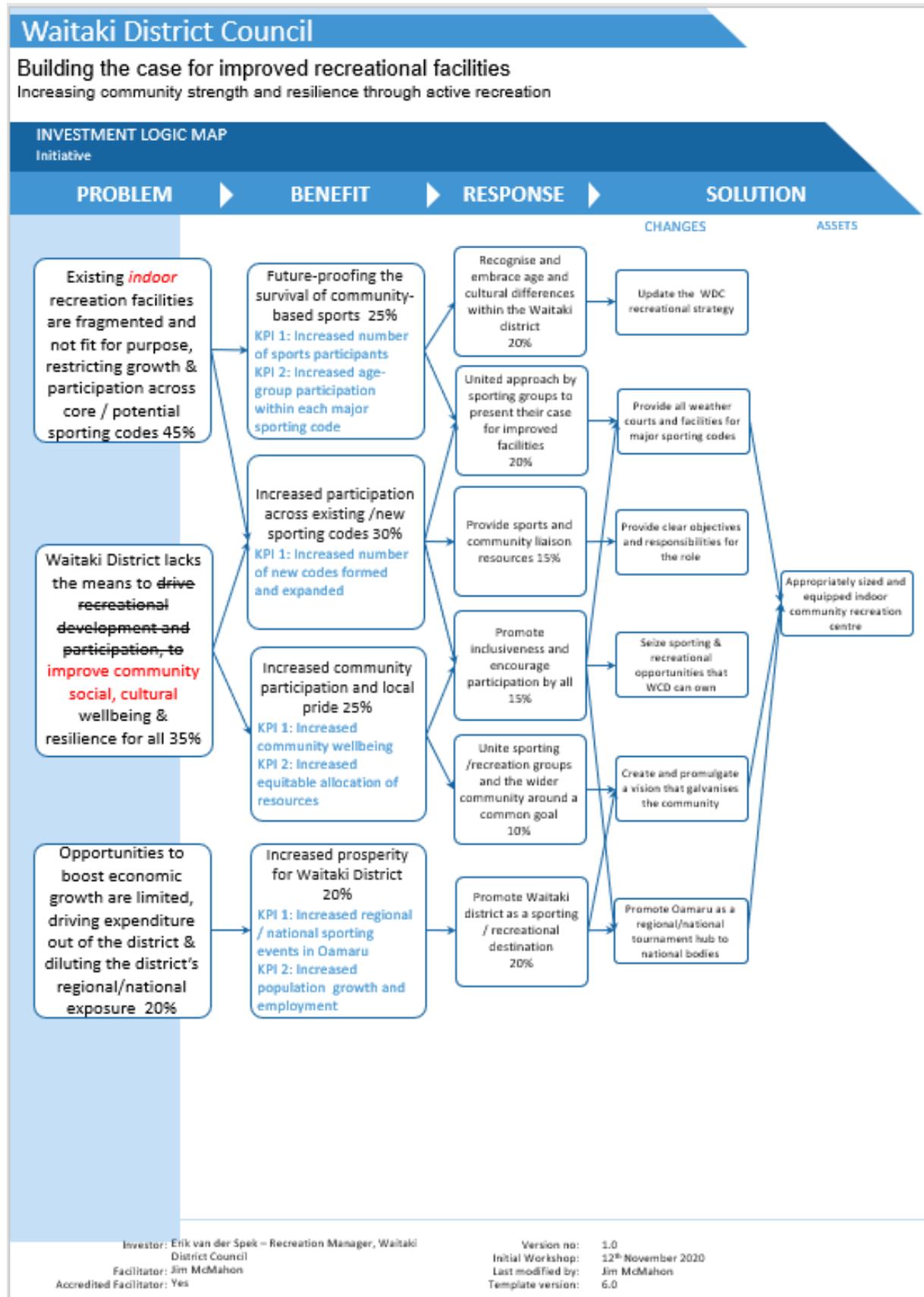
The identified risks are shown in Table 21 below and Appendix C.

The key risks for this project are securing funding for the project and ensuring construction costs do not escalate and become unaffordable.

**Table 21 Risk register**

Risk	Pre-mitigation risk factor	Post-mitigation risk factor	Ranking
Capital funding not secured	Set up a fundraising group to apply for funds and seek donations from external parties	Continue to track secured funds and manage financial accounts associated with this project	Medium
Construction cost escalation	Establish project management framework, approval process and hold points.	Track key project deliverables, track costs against budget. Design build procurement approach	Medium
Scope creep	Set up a group to finalise concept design within the budget envelope. Seek expert advice where required	Limit input into design decisions post approval of concept design.	Medium
Construction delays	Ensure project management framework is applied	Lock in material supply and labour as part of the design build process	Low
Utilisation issues	Utilisation not dominated by one sports code. Full time independent coordinator	Flexible charging and booking system to encourage participation	Low

# Appendix A – Investment Logic Mapping



## Appendix B – Potential Indoor Facility & Utilisation

Outline features of proposed Indoor facility (for further detail refer Sport Otago Stage 3 Commission report)

6 Court/no squash (Do More)	6 Court with squash (Do Maximum)
<ul style="list-style-type: none"> <li>• Purpose-built indoor facility with six courts, two with sprung floors</li> <li>• Set-backs to national standards</li> <li>• Catering for core codes including:               <ul style="list-style-type: none"> <li>- Netball</li> <li>- Basketball</li> <li>- Futsal</li> <li>- Squash (not specific courts)</li> <li>- Cricket</li> <li>- Bocca</li> </ul> </li> <li>• Capable of meeting 400 players / court standard</li> <li>• Includes:               <ul style="list-style-type: none"> <li>- Creche</li> <li>- Disability access / utilisation</li> <li>- Minimum spectator seating</li> <li>- 150 car parks</li> <li>- Sufficient equipment storage space</li> <li>- Adequate toilet/change areas</li> <li>- Bar / kitchen / café facilities</li> <li>- Technology – signage, scoring, WiFi, video etc</li> <li>- Ability to dress up for events</li> <li>- Floor coverings</li> <li>- Warm up space/Gym</li> <li>- Tournament Control</li> <li>- More than ‘adequate’ changing rooms</li> <li>- Cleaner’s space with hot water</li> <li>- Drinking fountains</li> <li>- 2 or 3 congregation areas</li> <li>- 3-5 offices.</li> </ul> </li> </ul>	<p>Do more +</p> <ul style="list-style-type: none"> <li>• All court flooring sprung to international standards</li> <li>• Internationally-sized set-backs for each court</li> <li>• 9 – 10 courts</li> <li>• More seated spectator capacity</li> <li>• Commercial kitchen</li> <li>• Commercial gym</li> <li>• Exhibition / conference centre facilities</li> <li>• 5 X squash courts</li> </ul>

Proposed Utilisation by code (refer Sports Otago feasibility report)

Sports Code	Indicative annual hours (6 Courts no squash)
<b>Fitness Classes</b>	1620
<b>Futsal</b>	1188
<b>Netball</b>	864
<b>Basketball</b>	810
<b>Indoor Soccer</b>	216
<b>Indoor Bowls</b>	162
<b>Table Tennis</b>	108
<b>Winter Tennis</b>	216
<b>Indoor Cricket</b>	108
<b>Roller Derby</b>	216
<b>Social Ladies Tennis</b>	108
<b>Volleyball</b>	162
<b>Indoor Touch</b>	108
<b>Badminton</b>	216

## Appendix C – Identified Risks

*Waitaki District Council have identified the following project risk.*

### Possible Risks

- Scope creep and change in standards, mitigated by:
  - robust brief
  - minimum contract variation
- Construction cost changes, mitigated by:
  - Sound quantity surveyor input
  - Speed of construction
- Cost of recreation centre usage, mitigated by:
  - Flexible charging regimes
  - Subsidised cost of participation
- Reduction in scope, mitigated by:
  - Focus on minimum requirements, e.g. 6 courts
- Unclear ownership and operating responsibilities, mitigated by:
  - “arms-length” separation from e.g. WDC, by the establishment of a Trust
  - Avoidance of domination by one or two major sports
- Changes in demographic and growth projections, mitigated by:
  - Updated data on user cohorts, e.g. by age, interest, ethnicity, etc
- Focus on a dual or multi-use facility, mitigated by:
  - Primary development of an Indoor Community Sport Centre (ICSC)
  - Reduced focus on alternative usage options, e.g. convention/exhibition centre

## Appendix D – Stakeholder Feedback

<b>Total Responses:</b>	<b>8</b>			
<b>Core Options</b>				
Status quo - no new facility				
Minimum – four regulation court facility				
Desirable – six regulation court facility	7	88%		
Optimal – six regulation court facility including squash courts	1	13%		
<b>Sub Option</b>				
No additional features (courts only)				
Co-locate/shared features with existing building	1	13%		
Build new features (all within new facility)	5	63%		
<b>Features</b>	<b>Yes</b>	<b>No</b>	<b>Maybe</b>	<b>Comment</b>
<b>Flooring</b>				
Sprung timber (2 or 4 or all)	6			4 definitely, 3, 2 or 3, 4, 3, 4 or all
Synthetic (2 or 4 or all)	6			3, 2 or 3, 2, 3, 2
Floor protection	6			On 3 courts
<b>Green credentials</b>				
Insulation	5		1	
Heating, Ventilation, AC	6			
Rainwater collection	3	1	1	
Solar	3		2	
Heat recovery	2	1	2	
Zero waste	2	2	1	
Tournament Control Room	7			
Storage Room	7			
Changing Facilities	7			
Public, staff amenities	6		1	
First Aid Room	6	1		Shared room, shared space
Spectator Gallery (seat 500)	7			
Office, reception, foyer	7			
Multi-purpose rooms (meetings, function)	7			
Kitchen or kitchenette	7			Must be of decent size
Fitness centre (spin room, running track, open space)	4	1	2	Commercial Lease Gym/physio, warm-up area
Creche/parenting space	2	1	4	Parenting space would be sufficient
Carpark (150 spaces) shared or additional (Centennial park)	6		1	
<b>Location sub-options</b>				
Centennial Park – Excelsior club	2	25%		
Centennial Park – rear grandstand	4	50%		
Centennial Park – Mid field	2	25%		
Awamoa Park				
<b>Management options</b>				
Status Quo	6			
WDC in-house				
Council Controlled Organisation				
Contracted / Leased to Private Provider				
Contracted / Leased to Community Trust	3			
Hands off model				

Feedback Comments
Strongly believes that the current Grandstand (56 years old & <b>User Unfriendly</b> ) should be demolished, and a smaller Grandstand facility (400-600 capacity) be incorporated within the new 'Sports Event Centre'. Larger changing rooms also to be incorporated. We need 4 large changing rooms (28 people per room) plus 1 smaller room for match officials. Wheelchair access is necessary which the current grandstand facility doesn't/can't have.
We believe altering the current rugby field to an east/west direction will cause undue disruption and the advantages are not significant enough. Wind & Sun would make an East/West field more difficult for players which is the case in Ashburton. There is ample room to start the complex where the current Grandstand sits and work backwards towards Taward Street and sidewise to St Kevins College driveway. (North)
If the current field had to be moved 15-20 metres north that would be acceptable.
We wish to develop the existing embankment with additional seating. NORFU would look to significantly contribute to funding.
We wish to start within 6 months erecting 3 tower/lights on the embankment. This would benefit the main field and Excelsior training field. Lights would swivel. Number 2 Field (closest to St Kevins) would become a high quality training field replacing number 8)
- Discussion with the squash club indicated they would not be interested in being part of this facility
- Important for the community to see this as more than just a sports centre, e.g. rooms available for small group hire, event hire - conferences, dinners, etc
- Discussion with local catering firm - the commercial kitchen should be a non-negotiable in order to attract events. Facility should be able to cater for 600
- Employment: what number of FTEs is viable?
- Cost effectiveness: what would the cost of running the facility be (compared with income)
I think that this represents the thoughts of the advisory group from the meetings that we have had so far well. I would adjust a few comments such as, "Excluding squash means still need to fund maintenance of existing facilities used to support indoor sports." As I feel as though this would have to happen anyway, for all places that potentially will relocate to the new facility.
Overall, this is a good representation.
Look forward to hearing what everyone else's feedback was and why.
If we are still to utilise the existing Rec Centre and not return it to Waitaki Girls High School as per the deed.
I think an extension of the existing arrangement with the Recreation Centre Trust to include the new event centre would be desirable.
However, we would need to ensure the council had the ability to critique the skill set on the trust and ultimately confirm the operating model.
Initial fundraising would possibly be best conducted by a separate trust being 'the friends of the Waitaki Community Events Centre'

# Waitaki District Council – Indoor Sports & Event Facility

## Working Group Workshop

### Meeting Minutes – 7 April 2021

---

**In attendance:** Morrison Low, Helen Ramsey (Facilitator, Preparation of Business Case)

Gary Kircher (Mayor), Melanie Tavendale (Deputy Mayor), Kevin Malcom, Diedre Senior, Denise McMillan, Adair Craik (via phone), Erik van der Spek and Matthew Lanyon (WDC).

**Apologies:** Ross McRobie

#### Introduction

Helen introduced the purpose of the meeting. She was here to be the ‘party pooper’ and to ask the tough questions. We needed to be realistic about costs and possible revenue. We are not removing any current facilities, and these will still need to be maintained, so adding an asset and cost to the community. A robust business case is required that reflects views and reality.

#### Cost

Design and the procurement process used can significantly affect cost. \$24 Million is based on current information. Inflation, cost of materials and shortage of contractors are likely to affect price. Operational budget is forecast to be circa \$1 Million. Council is about to consult with community over its contribution.

#### Need

Referred needs assessment. Feedback from working group included:

Waitaki teams are always travelling. Travelling creates cost and restricts attendance to a few. Families often can't see each other play. We can't host tournaments as current facility doesn't meet requirements. Can't host and show Waitaki off to the rest of NZ. This would have benefits in making Waitaki a place people want to seek work. Can't host large scale conferences or events despite being a central location as we do not have facilities of scale.

#### Core options were reviewed.

The feedback received showed majority preferred the 6 court option with no squash courts.

#### Sub-option discussion

Discussion occurred around the features that were required within the new facility. Majority preferred core features to be within the indoor sports centre. Further discussion is required around what programmes and sports codes continue to be provided within the existing recreation centre. The following covers key points around what is required within the new facility.

#### ***Feedback received on scope and specifications of build.***

- Following the site visit to Rolleston, working group liked the concept of two separate spaces with 3 timber sprung courts and 3 synthetic courts allowing a mix of events/programmes to be offered at the same time. Floor protection is required for events.

- Kitchen: Middle ground commercial kitchen better than opera house but not full scale with commercial grade appliances for heating, refrigeration, dishwashers, etc. To determine from Sally Anne what is essential and what is optional. Don't need to provide for some equipment as can be hired. Hire tables, crockery, etc. Allow space and versatility in kitchen.
- Storage: must have heaps of storage. Needs to be separate lockup space for different codes. Kitchen should be close to synthetic area. Big access doors to synthetic from outside for events. Suggestion of 2 outdoor half court warm up areas... may be able to be converted to parking.
- Seating is required, preference for moveable pull-out seating for 300-500 on sprung courts with TV quality lighting over centre court. Bench seating for other courts – movable?
- Public/staff amenities and changing facilities – needs to be adequate to support the indoor space facility. The changing rooms number and lockable used only as required for sports events as per Selwyn. New sports facility not to include changing rooms for outdoor sports as these are provided within the grandstand.
- Good insulation a must have with radiant heating for main court area. Air con in office space. Court partitions. Glory league wiring and interactive feature. Need to spend money on core features not architectural look. Suggestion to use local artists for murals.
- Strong preference for multi-use space that can be used for different purposes. To support the sports hub concept, need office space that can be leased to different sporting codes. Potential to gain revenue from hire or lease of different spaces.
- Tournament control/first aid/club offices/day care as at least three versatile multi-use spaces. Office, reception, foyer. Group fitness space – not full gym. Need to consider what facilities around fitness programmes will remain at the existing recreation centre.
- Don't want a creche/parenting room. One of the spaces could be used by parents if required, don't want the health and safety requirements associated with a creche.
- Carparking for 75 vehicles, lowest priority as existing carparking at centennial park.
- No to rain water collection, solar, heat recovery, zero waste – insufficient rain and can only use for irrigation (requires reconfiguration and water not currently significant cost). Need to use solar power as being produced – no gain from putting back into grid and battery storage costly and unproven environmental impacts. Much use at night or on wet/cloudy days?
- If we have to cut back – technology, carparks and pull-out seating could be first items dropped.

## Management

Clear no to Council control organisation. Big Asset to gift. Council at the end of the day would have to step up to cover any costs. Concern around getting right mix and skill set of trustees. Current Trust Deed would need to be changed. Agree Council must own facility. After discussion thought best for Council to operate in-house with a Friends of Facility incorporated society as a management advisory group. Acknowledge that needed community involvement in the facility but needed the right structure around this. Council already manage the bookings for other community facilities so could undertake the day to day operations. The management model could be reviewed over time.

## Location

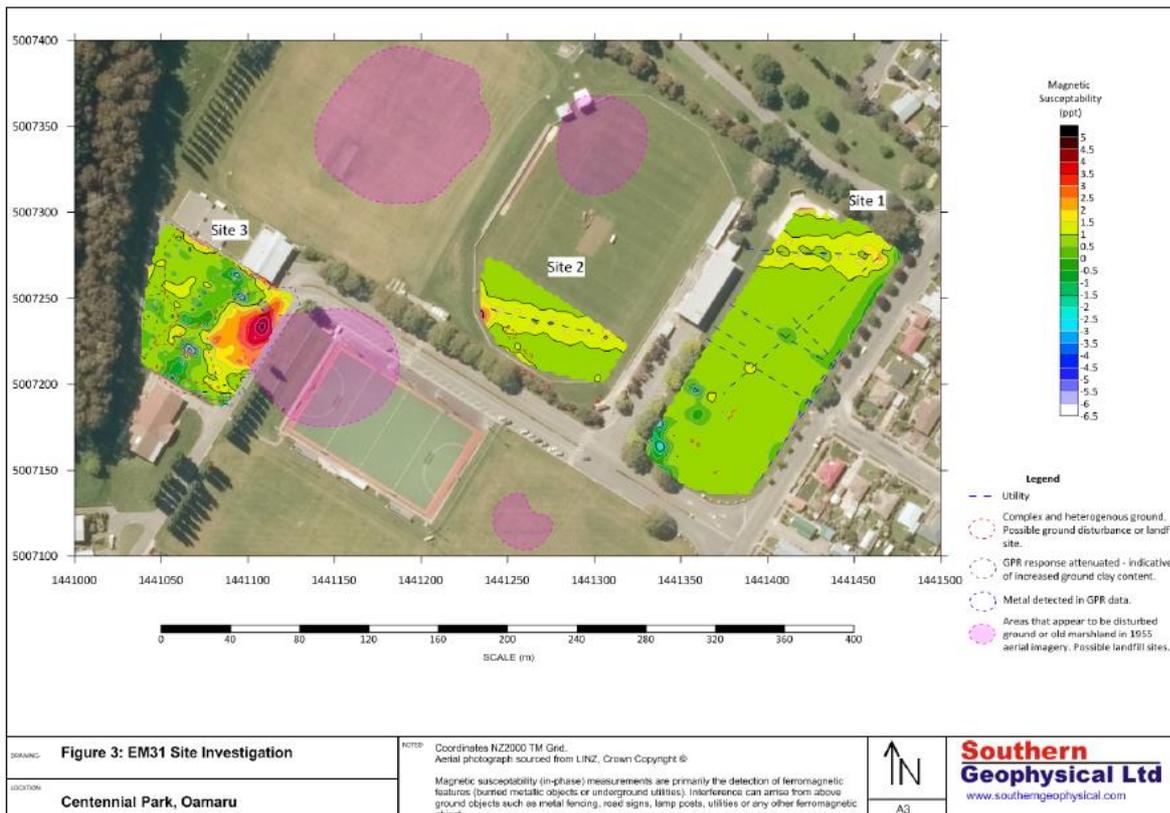
Agreed behind Grandstand best location. Believe uncontaminated/unused ground from current tests (assessment still to be completed). Analysis to be done on grandstand to determine options but not included in scope of this facility at this stage. Discussion occurred around Rugby's desire to upgrade the existing grandstand.

While this should be considered in the planning for the indoor facility there was a strong view not to cloud or delay the construction of the new indoor facility with decisions relating to the grandstand. Grandstand upgrade would need to be considered as a stage 2 process.



Perimeter   
 340 m 100m x 70m

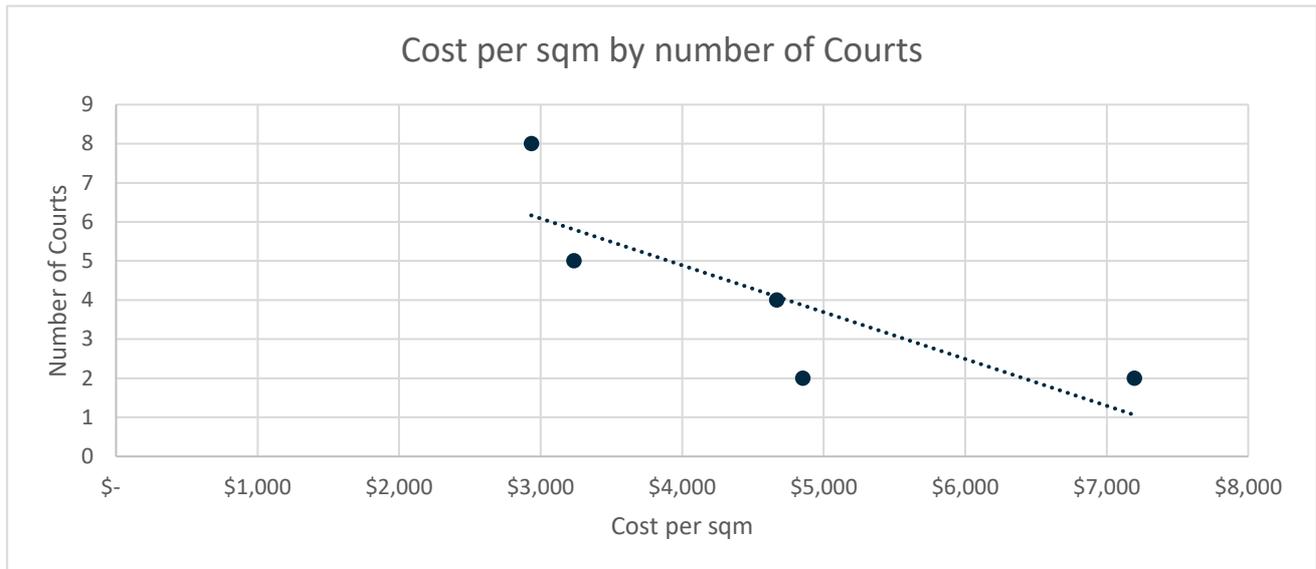
Area   
 6,990 m<sup>2</sup>



## Appendix E – Cost Comparison

In estimating the capital construction cost the following analysis was undertaken to determine the sensitivity of cost per sqm against the number of courts (or facility size).

Figure 1 Cost comparison



## Appendix F – LTP Feedback

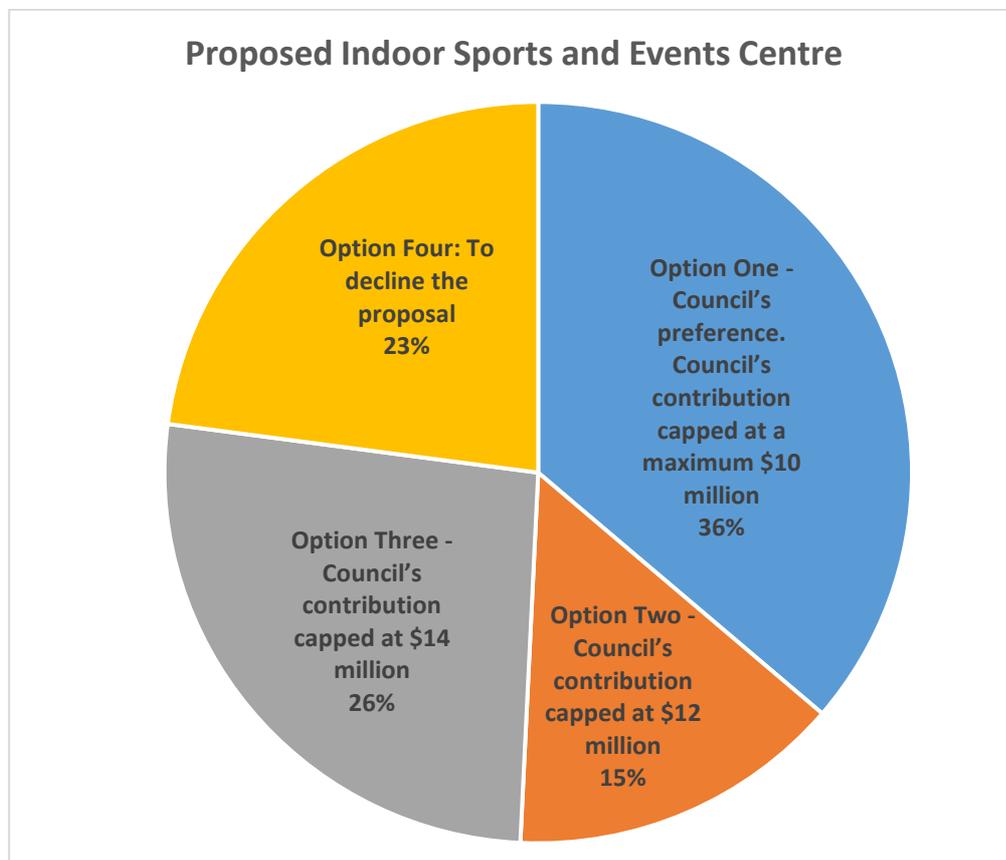
### Indoor Sports and Events Centre

There is a lot of support for the proposed Indoor Sports and Events Centre. Some of the comments related to where it would be located and the design. Of those not in favour, some of the comments relate to whether it should be privately funded, some question whether existing facilities could be used instead, there were also concerns about the impact on rates.

Indoors Sports & Events Centre
Please make it public now, where this Events Centre will be situated. If that has not been decided please do not allow the organising group to proceed fundraising until land has been found. Get the public help from the beginning to find somewhere appropriate and do not divide the community over keeping other parks as has happened so many times before - so much time is wasted
I have one major question regarding this:- how many rate payers - those contributing towards this in their rates bills - will actually use the Sports centre directly vs those who will not? It is wrong to expect the majority to pay for something only a minority may use.....? (I do not know the numbers in this regard which is why I ask. However, if we go ahead with the Centre, then we must ensure that there is a full RIO, i.e., pay back in full to the rate payer for their contribution - could be a 5 year rates freeze until recompensed in full. Whatever option you choose (P24 on booklet 'Getting back to the Future) the \$\$\$ figures are high, and this must be run on a business basis, where shareholders (rate payers) not only expect, but are entitled to a return of their investment.
Data on how many of our community likely to use the facility please, and reasonable user charges as they go. Remember, ratepayers already paying nearly \$100 pa for existing stadium in Otago. Projected rates increase for several years, plus annual increase of minimum \$67.30 on top of the near \$100 for FB stadium not encouraging for my internal debt strategic planning. But ok, wait for the business plan detail, may move to option 1.
It will be a brilliant facility for the district. Bringing in visitors which in turn boosts the economy! Also means we aren't the ones that always have to travel
No value for the elderly residents only an increase in costs to them. Encourage private enterprise to develop as a user pay facility.
We are a community that is central for a lot to travel to yet cannot host events/tournaments as we don't have the facility to host. It would bring money to our community. Our families wouldn't have to travel as much with this cost as we would have a facility. It wouldn't just be sports it would benefit it could cater for all our community. Very much support this to move our community into the future.
Hindsight is an invaluable tool. After the protestations of a small number of the community regarding the size and environmental impact of the new swimming pool we now have a facility which is too small for the purpose it was intended. When planning a new Sports Stadium, I feel a greater emphasis should be given to the long term wants and needs of the community. I would like to see a multi-faceted structure which benefits more than just mainstream sports with a place for our local gymnastics club also for example.
happy to increase rates - but make sure the usage of the centre is free for Waitaki residents and Waitaki library card holders
This needs to happen for our community to grow, sports need to happen for our kids and adults and a central community hub for all to use would be of great benefit
We encourage Council to think about: <ul style="list-style-type: none"> <li>• whether the centre could support the arts community (e.g., could an indoor multi-court space function as a multipurpose space used for rehearsals or performing arts events?)</li> <li>• how multipurpose facilities could provide more people with opportunities to engage with and participate in arts and culture, which has similar benefits to sport for communities' physical and mental wellbeing.</li> </ul>
Find the land first and purchase. Please do not put it on an existing park.
Ensure that unlike Dunedin Stadium careful design is employed to avoid over-investment in back of house areas such as kitchens and bars
Instead of building a brand new centre - instead we should be investing and expanding our current facilities. Let's use that \$10million and anonymous \$5 million to expand, invest and rebuild the rec centre. Let's cater it

Indoors Sports & Events Centre
more for the wider community, and not only have it sport-focussed but also have a gym, community rooms, a public kitchen (which offers all kinds of pros), meeting rooms etc. It could be the hub of Waitaki where our community comes together to meet, discuss, and hang out.
As the demographic of our community is changing less abs less people are being involved with sports. This is one issue we need to change as sport has a largely level of physical abs social benefits to every individual. I also strongly believe that the way sports are played are moving away from weekends to week night and indoor sporting facilities will help promote these sports by accommodating for all weathers and conditions. Indoor sporting facilities will also be able to develop skill sets across all levels of sports from juniors to representatives by allowing players access to more resources to help develop skill sets. One issue that Oamaru faces when trying to incorporate new initiatives towards the community is the negative views of the aging population. This is a generational issue as times have changed and facilities like these are a necessity in the modern time to support the younger generation.
The sports and events centre needs to be accessible to the wider community, incorporating the community house with spaces for wellness, mental and physical well-being.
We need to make it happen. Don't dumb it down i.e. learn from swimming pool and don't cut it in half. Ensure it becomes the sporting hub of our community from now and into the future!
Due an excellent job of due diligence on location and design. Consult expert planners, not just special interest groups. Don't build in flood zone.
Not the right time to increase rates to pay for proposed sports centre. Keeping up existing parks, gardens and recreational services a big enough challenge. Could keep planning for it in the future.
Let private enterprise fund it.

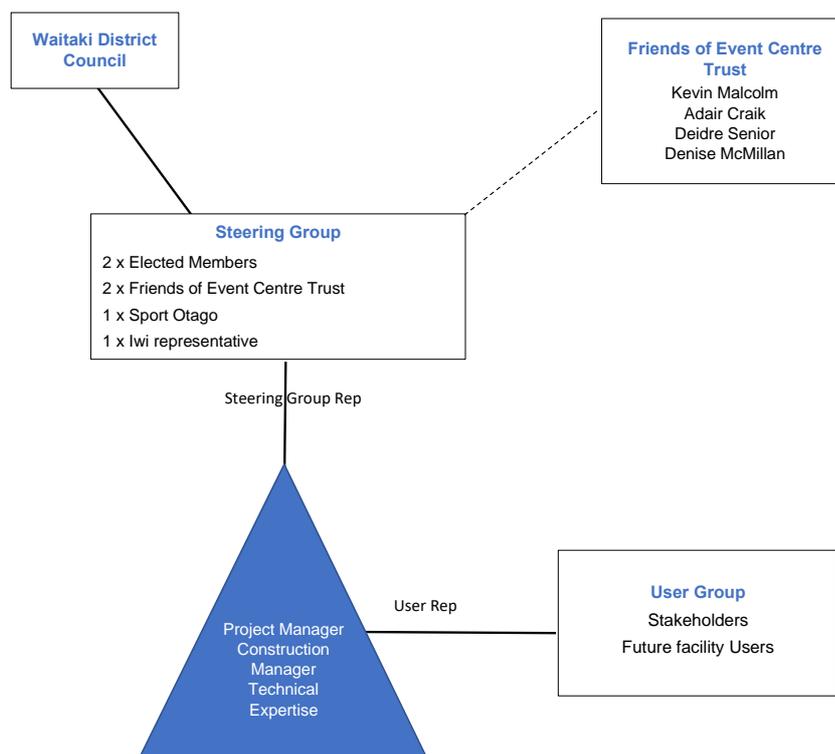
The chart below shows that the majority of respondents are in favour of Council supporting the proposed Indoor Sports and Events Centre.



Note the question asked was: Proposed Indoor Sports and Events Centre: Which option do you think we should choose (please tick one)?

## Appendix G – Event Centre Stakeholder Framework

The following diagram depicts the framework that has been established for the Event Centre project. There is a core steering group with representatives of key stakeholders that work directly with the project team. The ‘Friends of Event Centre Trust’ has been established to support fundraising initiatives.



### Roles and Responsibilities

Name	Members	Responsibility
<b>Steering Group</b>	1 x Iwi 2 x Councillors 2 x Working group 1 x Sport Otago	<ul style="list-style-type: none"> <li>- Negotiate funding for the project and be a spokesperson to the senior management.</li> <li>- Provide direction and guidance for project empowerment, key business strategies and project initiatives.</li> <li>- Review changes to the project environment, including schedules, priorities, tasks, etc.</li> <li>- Identify project critical success factors and approve deliverables.</li> <li>- Negotiate with stakeholders to gain consensus when differences of opinion take place.</li> <li>- Evaluate the project’s success on completion.</li> <li>- Decision Making.</li> <li>- Approving Resources.</li> <li>- Approving timelines.</li> <li>- Approving scope.</li> </ul>
<b>Project Team</b>	1 x Council Officer / Project Manager 1 x Construction Manager 1x User group 1 x Steering group	<ul style="list-style-type: none"> <li>- Determine project team and define roles and responsibilities.</li> <li>- Designate tasks to meet project objectives.</li> <li>- Escalate any issues that project team cannot resolve.</li> <li>- Ensure work is completed within the approved timeframe and budget.</li> <li>- Meet approved timeframes and budgets.</li> <li>- Work with Stakeholders to deliver approved outcomes.</li> <li>- Keep project sponsor informed.</li> <li>- Delivery of allocated tasks.</li> <li>- Stakeholder engagement.</li> </ul>

## Appendix H – Valuing Benefits

A key outcome of the new indoor sports and event centre is to improve the wellbeing, fitness levels and general overall health outcomes for residents. The new facility will provide multi-purpose spaces to support the delivery of exercise programmes and provide opportunities for social events. The following are links to articles that cover the benefits of exercise and community events on overall wellbeing.

### Health benefits from exercise

<https://excellenceinfitness.com/blog/how-exercise-can-help-you-save-on-healthcare-costs/#:~:text=People%20with%20cardiovascular%20disease%20lowered,in%20healthcare%20costs%2C%20as%20well.>

<https://www.healthnavigator.org.nz/health-a-z/c/coronary-artery-disease/#:~:text=One%20in%2020%20adults%20have,Zealander%20dies%20from%20heart%20disease.>

<https://www.nytimes.com/2016/09/07/well/move/whats-the-value-of-exercise-2500.html>

<https://www.reuters.com/article/us-health-activity-idUSKCN1072S1>

### Connecting Communities

<https://www.edenprojectcommunities.com/the-cost-of-disconnected-communities>

### Economic Value of Life in NZ

<https://www.stuff.co.nz/national/politics/110753822/is-a-life-worth-47-million.>

<https://www.newsroom.co.nz/ideasroom/how-much-is-a-nz-life-worth>

The American study valued the individual health cost savings from following a consistent exercise routine at \$2,500 per year. This figure is not 100% transferable to New Zealand given different funding structures for health services. However, it does indicate the potential benefits from regular exercise to improved health and wellbeing.

Studies (health navigator above) show that 1 in 20 people in New Zealand have heart problems. New Zealand has the third highest adult obesity rate in the OECD. 1 in 3 adults (aged 15 years and over) are obese (30.9%). Stroke patients are increasing in numbers and getting younger in age. There are increasing numbers of people suffering from diabetes or health issues from obesity.

The 'eden project' aims to improve community connections, focusing on wellbeing benefits of being connected to your local community, benefits from participating in community projects.

Waka Kotahi NZ transport agency use a figure of \$4 million for the average value of a life. Central Governments wellbeing framework uses a figure of \$4.56 million for the value of a life. Treasury's CBAX tool for measuring the value of economic benefits also includes the following relevant benefits that may be achieved through investment in the proposed indoor sports and events centre:

- Sports club membership is valued at \$844 per adult per year
- Gaining a friend is valued at \$460 per year for every friend gained
- Avoided cardiovascular disease is valued at \$7,579 per year per person
- Avoided diabetes is valued at \$3,894 per year per person

- An improvement in physical health is valued at \$1,152 for every point (0 – 100 scale) per year<sup>2</sup>

### Valuing Benefits

This business case does not seek to provide a full economic assessment due to the difficulties in accurately assessing benefits. The following, which is based upon information supplied by Waitaki council, provides a high-level overview on potential benefits from health care savings, reduced travel costs and local business. As stated, these figures are indicative and if these figures were to be relied upon an economic assessment would need to be undertaken.

- Health Care Savings

For Waitaki district 1 in 20 with heart problems equates to approximately 1,100 people. 1 in 3 adults over the age of 15 equates to approximately 5,500 people. A conservative estimate of the health care costs attributable to obesity for the six conditions was NZ\$135 million. Using the population of 4.8 million, this is \$28 per person or health care costs of \$618,750 in Waitaki. Using the saving of \$2,500 per person per annum equates to \$2,750,000 for 1,100 people suffering from heart problems. 5% reduction in health care cost of \$618,750 is approximately \$30,000 per year.

- Travel Cost Savings

Estimated travel and accommodation cost of \$5,000 to \$7,000 per trip per team. That equate to savings between \$50,000 and \$140,000 per year for 10 to 20 travelling teams.

- Local Community Economic Benefits

Value of accommodation and food provide by local business from sports and conference events is approximately \$140,000 to \$280,000 per year. This excludes any revenue from the hire of the event centre.

There are a range of other unquantifiable benefits such as local community pride, social cohesion, and connectivity.

---

<sup>2</sup> This is based on a detailed health survey, with a 1 point improvement generally being harder to achieve than the 0 -100 scale may imply.