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Special General Meeting Announcement - Mitchell Park Development Plan

This paper has been written to announce the HVT Associations decision to call a **Special General Meeting (SGM) for 7pm on 26th Feb 2021 at Mitchell Park.**

At the meeting a nominated delegate from each Club will be asked to vote on one of the motions below:

1. Support the Mitchell Park Development Plan:

- this decision will enable the project to proceed as per the plan detailed in this paper

2. Oppose the Mitchell Park Development Plan:

- this decision will stop the project and see Council and Private Developer funding lost

All members are invited to attend a detailed pre-SGM presentation to be held at **7pm on 16th Feb 2021 at Mitchell Park.** Please note during the SGM on the 26th of February only a brief summary of the project will be presented to members.

“The HVT Association Management Committee recommends Clubs fully support the plan.”

Who is Hutt Valley Tennis?

The Hutt Valley Tennis Association (HVT) is a volunteer-based organisation that operates as the governance and operational body for 9 affiliated Tennis Clubs in the Hutt Valley.

The day to day operations of HVT and Mitchell Park operations are overseen by the HVT Management Committee which consists of elected volunteers from the Clubs. The Mitchell Park Racquet Centre is a well-utilised asset hosting tennis activity such as interclub, leagues, coaching and tournaments. The Centre currently consists of a large pavilion with a licensed bar, 5 squash courts, 13 outdoor floodlit tennis courts and onsite parking.

Mitchell Park Project Background:

For several years, HVT has worked closely with its Clubs, partners, and key stakeholders to ensure the organisation is well positioned to service the future tennis playing needs of the Hutt Valley. In an aim to

determine what the 'right future model' is HVT has extensively engaged its members, the Council and the wider community via surveys, meetings and presentations.

The resulting feedback and instruction from this process was:

1. For the Association and its 9 Clubs to continue with current game delivery and operations
2. For HVT to retain the Mitchell park facilities and implement the required upgrades to:
 - a. Provide member clubs with a safe and suitable facility to service the playing and event needs of its member clubs and the wider community.
 - b. Implement a new Mitchell Park operating model that supports the aim for the facilities to run independent of Club financial support.

Hutt Valley Tennis Response:

Over the last 10 years the HVT Management Committee with support from Hutt City Council (HCC) have called on numerous skilled volunteers to assist the organisation to develop plans for the Mitchell Park site. Over the years thousands of volunteer hours have been invested resulting in several plans being developed only to later be abandoned due to cost escalation or becoming victim to changes in Council funding priorities affecting funding models.

The current Mitchell Park Development Group lead by Gary Baird has clearly identified and articulated the issues facing HVT at the Mitchell Park site. The group have developed plans that deliver solutions for the Mitchell Park addressing the issues identified. These plans are now at a final stage and require Club approval to enable the project to proceed to final design and build stages.

Strategic Issues Facing HVT at Mitchell Park:

The Development Group has identified 2 strategic issues facing HVT at the Mitchell Park site:

1. **Patron Safety:** Mitchell Park Pavilion in need of structural upgrades.
 - HVT have contracted engineers to undertake a detailed seismic study of the current MP Pavilion. This has revealed structural issues with the Pavilion that when reviewed against current National Building Standards (NBS). The structure has been graded at 15% of NBS deeming it as an earthquake prone structure in need of strengthening.
 - The Council has outlined that it is comfortable for interim use of the Pavilion due to the location of structural issues deeming the risk to patrons low. However they have asked that HVT move forward with plans to address the structural deficiencies within the next 7 years. The structural issues relate primarily to strengthening works required in all 5 Squash Courts and the Southern ground level tennis facing wall.
2. **Financial Viability:** Mitchell Park financial model is now negatively geared post the Squash departure.
 - Operating the Mitchell Park facility requires a large financial commitment from its Clubs to help subsidise operations and fixed costs at the site.

- Previously the financial model was supported via a tennis/squash partnership dating back some 50 years. The departure of Squash to Fraserpark Sportsville now means the model is negatively geared and no longer sustainable. New funding streams are required.

Why is the Council is supporting HVT?

Council support of a newly developed Sports Hub policy enabled squash to leave Mitchell Park and move into the Fraser Park Sportsville development with its state-of-the-art multi-million-dollar facilities at little cost. This move brought an end to a 50+ year operating partnership between squash and tennis at Mitchell Park resulting in HVT inheriting a negatively geared financial model plus the sole liability to upgrade a large earthquake prone pavilion.

Changes in Council policy that delivered the Fraser Park Sportsville Complex have been detrimental to the future operations of Hutt Valley Tennis. In response the Council has been motivated to support HVT via staff resource and financial assistance. Council support is seen by HVT as a clear acknowledgement of the negative impacts to tennis and recognition of the services our organisation offers Hutt City residents.

Reasons for the SGM:

The Pavilion redesign and Indoor Court Plan has been presented to Clubs previously where Clubs have provided their full support. The outcome of the current plan remains relatively unchanged.

The reason for coming back to Clubs is to outline changes to the funding model previously supported by HCC. Changes to the funding model were impacted by the result of the 2019 the local elections after which the newly elected Councilor revised the cities funding priorities with further revisions made during the 2020 COVID health and financial crisis.

The Mitchell Park Development Plan:

The current plan delivers solutions on the two strategic outcomes as previously approved by member clubs:

1. **Patron Safety:** Mitchell Park Pavilion in need of structural upgrades.
 - SOLUTION: Raise sufficient funds to strengthen the structure to required NBS ratings based on plans developed by architects and structural engineers. (note: new build options were not considered in detail due to early price estimates that were beyond the fiscal means of HVT and its supporters.)
2. **Financial Viability:** Mitchell Park financial model is now negatively geared post the Squash departure.
 - SOLUTION: Raise sufficient funds to build 4 Indoor Acrylic Hardcourt Tennis Courts that will deliver new court hire revenues to replace lost squash income.

This plan was presented to the HVT Management Group in early December 2020 and gained unanimous support. It was then presented to a full Hutt City Council Meeting held on the 8th of December 2020. All Councilor’s in attendance voted to unanimously support the plan enabling it to proceed to the next stage.

Funding Model & Budget:

The funding model to deliver this project requires an adjustment by Council to the HVT lease at Mitchell Park to allow for the sale of a small component of reserve status land which in turn the Council will release the net sale proceeds estimated to be \$1.25m towards the Mitchell Park Development Project. Details of the changes to the lease title are as follows:

- a. Revocation and Sale of Council Reserve Land:
 - Approximately 1,600sqm of land will be sold to the neighboring Hutt Valley Health Centre who plans to further develop the site, allowing it to offer new critical health services.
 - The HVT leased land to be sold consists of the tennis Court 4 carpark plus most of tennis Courts 9 and 13.
- b. The HVT Mitchell Park lease will be adjusted to add approximately 120sqm to allow for 1 tennis court to be reinstated in the South-east corner taking the court count back to 12.

The total budget to deliver the Mitchell Park Development Project is priced at \$2.57m. The funding model including proceeds from the land sale are as follows:

FUNDING MODEL: MITCHELL PARK PROJECT	
HCC Grant	\$ 500,000
* Land Sale (Tennis Courts 9, 13, Carpark)	\$ 1,250,000
HVT Savings	\$ 450,000
HVT Fundraising (Grants & Sponsorship)	\$ 370,000
TOTAL FUNDS:	\$ 2,570,000
DESIGN & BUILD BUDGET	
Indoor Tennis Court Structure:	\$ 1,700,000
Groundworks (Playing Surface & Car Parking)	\$ 350,000
Pavilion Strengthening & Access	\$ 450,000
Professional Fees & Contingency	\$ 70,000
* Lights Installation - Courts 8 & 12	\$ 60,000*
* New Court 9 (Lights & Fencing)	\$ 120,000*
TOTAL FUNDS:	\$ 2,570,000

* HVT fundraising requirement

*Deferred works due to funding shortfall

The total budget to deliver the Mitchell Park Development Project is priced at \$2.57m. Key to securing the required funds for this project to proceed is tied up in the success of the land revocation process. If successful the land sale will see the net sale proceeds of approximately \$1.25m passed over to HVT along with a \$500k grant from HCC.

Cost escalation across the construction industry has impacted our project to the point where difficult decisions have had to be made to remove all non-essential components from the project. This has seen

the plan stripped back to a level where the project will deliver to the core strategic essentials being 1. Pavilion Strengthening, 2. Indoor Court Structure & Car Parking.

This means some items such as the re-instatement of the 12th tennis court, floodlights for Courts 8 and 12 as well as some pavilion refit works will be deferred until the required levels of funds can be secured.

Upon the plan being approved HVT will move quickly into fundraising mode so that the required \$370k can be raised. The fundraising strategy will involve applications to NZ Lotteries, Community Grants, sponsors, donors, naming rights, events etc.. etc. HVT will aim to raise the required funds via sources that do not conflict directly with our Club fundraising efforts who we acknowledge have their own fundraising goals and facility upgrade projects underway.

Development Group Recommendation – Proceed with a Staged Build Plan:

In an aim to mitigate cost escalation risks the Mitchell Park Development Group recommends HVT approves a staged build process:

1. Stage 1: Indoor Court Structure & Parking

- Construction of the Indoor Tennis Court Structure to be completed prior to the Pavilion Strengthening Works in an aim to minimise the risk of cost escalation caused by fundraising and construction delays.
- The completion of the Indoor Court Structure will also help to drive additional revenue streams from court hire via private hire, coaching, regular small format tournaments and improved business house competitions. The structure will also help to raise project awareness that will assist with Pavilion Upgrade fundraising efforts.

2. Stage 2: Pavilion Structural Upgrades and Redesign

- The structural upgrades and redesign works are budgeted at \$450K plus some additional budget allocation for professional fees and contingency. The reality is the \$450k budget will be very tight and whilst we are confident the strengthening works can be undertaken to make the building safe the Pavilion would benefit from more investment. This would be used to improve patron flow and refit internal spaces to benefit potential facility partners.
- By staging the build process HVT will have more time to raise additional funds to invest into the Pavilion.

Next Steps:

To advance the project HVT and HCC are now engaged in the following steps:

1. HVT to call a special meeting to ensure all members/clubs and key stakeholders are fully informed on details of the Development Plan and the impact to the site.
2. Members of the Development Group will hold a **detailed briefing session** about the project at **7pm, 16 Feb 2021 at Mitchell Park**. All members and interested parties are welcome to attend.
3. HVT will ask its members to provide unanimous support of the plan at the SGM scheduled for **7pm, 26 Feb 2021 at Mitchell Park** and notify Council of the meeting outcome.
4. Upon member support HCC can then proceed with revocation plans shown as green areas on the Mitchell Park aerial site plan below.

5. The outcome of the Councils revocation process should be known in June. If successful, the Council will pass the net proceeds of the land sale to HVT to implement the Development Project.
6. During the revocation process HVT will firm up on all aspects of the project and reach out to all donors and funders to hopefully enable some deferred project components.

This visual below shows the current Mitchell Park site and changes outlined in the proposal.



The benefits to Hutt City through the successful delivery of this project are numerous:

- HVT can operate its activities in a safe and code compliant pavilion
- HVT can conduct its operations at Mitchell Park using a self-funding model via new indoor court revenue streams derived from indoor court use and facility hire releasing financial pressure on its affiliated Clubs.
- Hutt City businesses will benefit from visiting players to attend new events and activities
- Rate payers can take comfort in knowing the project can be delivered at a net zero cost via the extraction of capital from HVT leased land.
- Residents will benefit from a new extension to the Health Centre where much needed critical health services are planned to be offered.
- Hutt City gains a fantastic sports facility making it a more desirable place to live and visit

This project offers tremendous public value and delivers a win, win, win, win scenario for all. Most importantly the project will benefit the sport of tennis long into the future.