

KCRTT Funding Reconciliation - Stage 2 Changing Rooms & Pavilion

as at 13/03/2012

Funding shortfall		-345,431
Hawkins	Contract stage 1	1,122,941
Variations	Sewer pump	50,000
	KCDC Dev Levy	15,250
	Tanking membrane	-6,919
	Lift	-18,318
	35,000 Contingency Not req	
Payments	Less payments made	<u>-80,085</u>
Total		1,082,869
Consultants		
A D Architecture	Supervision	17,000
A D Architecture	changes	3,000
A D Architecture	Final instalment	4,000
McLean	Final instalment	2,000
ISP	Final instalment	3,000
Cuttriss	Final instalment	2,000
NZ Plumbing	Final instalment	<u>2,000</u>
Total		33,000
Additional items		
	Contract stage 2	244,562
	Kitchen	40,000
	Furniture	funded
	Offices/meeting	<u>excl.</u>
Total		284,562
Total Expected Cost		<u><u>1,400,431</u></u>
Funding		
Bank account		145,000
KCDC commitment		310,000
NZ Lotteries		600,000
Operating funds		
Total confirmed funding		<u><u>1,055,000</u></u>

Funding shortfall	-345,431
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Request

KCDC grant	Sewer & dev levy	2011/12 yr	50,000
KCDC grant	Stage 2 support	2012/13 yr	50,000
KCDC facility	Underwrite loan up to		150,000
requested KCDC funding			250,000
Minimum Shortfall			-95,431

Potential sources to cover the shortfall or to reduce the underwrite loan

Funding Applications alive		
NZCT	meeting is 22 March	180,000
Funding Applications in prep		300,000
Infinity		
Eastern		
Endeavour		
Pub Charity		
Pelorus		
Philanthropic Programme		
Potential Funding		480,000



20 March 2012

The Chief Executive
Kapiti Coast District Council
Lindale
Paraparaumu

kapiti turf trust

Dear Mr Dougherty,

Following on from our meeting of March 2nd, the Trustees have met and worked through our plans, requirements and options for completing the pavilion at Mazengarb. We have also worked through options and ideas with Council Officers in relation to finance and our engineering consultants have discussed sewerage options.

The essence of our request is for Council support to complete the construction of the changing rooms and pavilion at Mazengarb in the following form:

1. A \$50,000 grant in the current financial year to meet additional Stage 1 costs that are not covered, the development levy and sewer pump. Note that in effect these funds will be 'returned' to Council
2. Further \$50,000 grant in the 2012/13 year to support Stage 2 of the construction. This will enable utilisation of the pavilion and facilities to generate revenue.
3. An interest-free loan of up to \$150,000 if we are unable to raise all the required funds for Stage 2. We would seek a repayment holiday for the first 12 months of this loan to ensure positive cash-flow is maintained as the full operation is established.

Item 1 is for ancillary costs for Stage 1 and is sought regardless of the decision on whether or not to proceed with Stage 2.

The funds for items 2 and 3 means an improved chance to commit to Stage 2 while Hawkins are on-site and can hold sub-contractors to agreed pricing. These funds would not be required if we fail to raise \$100,000 in our own right.

In support of this request we attach a Funding Plan, our Business Plan and an extract of a letter from Hawkins construction that outlines the project stages.

We have initiated discussions with our bankers (BNZ) to ascertain if they would provide a loan instead of the Council. We understand that the Council may be willing to be guarantor for such a loan. We hope for a response from BNZ within a week. Our preference remains to borrow through the Council if at all possible as we doubt that we will be able to negotiate a repayment holiday for the first twelve months (which is essential to our cashflow). BNZ interest rates are also likely to be higher than the cost of Council funding.

A number of fundraising initiatives are in various stages of progress. Details of these initiatives are in the funding plan. Just a small portion of the fundraising being achieved will enable a start of Stage 2, and a good portion of the fundraising will reduce the size of the potential debt. A key meeting for us is by NZCT on 22 March.

We remain determined to build Stage 3 as soon as this is feasible. There is a second version in the Funding Plan for Stage 3, which includes offices and meeting room. This Stage 3 addition could give life to the 'sportville' concept. We have not given up on this yet if sufficient funds could be raised. An additional \$100,000 would achieve that goal.

The business plan covers a range of specifics and options for the activities the Trust will run. In the plan we have been conservative on the catering revenue. Our preference is for a contract based approach so we took a modest approach to ensure there is a buffer on the financial outlook.

The turf brings visitors. We need to protect that and enhance it so that brings more. The plan also outlines benefits to the Kapiti region that the facility is generating and will be enhanced by the completion of the building.

The request for an "interest free" loan helps ensure the ongoing financial viability of the Trust and provides a top flight sporting facility for the district with the only cost to the Council being the reducing interest cost, at most \$9,000 per annum.

There will no doubt be questions, please call me at any time on 0274 455 753, or call Dave Jennings for clarity of financial aspects on 0800 226 362.

We would like the opportunity to put our case to the Council if that can be arranged.

In relation to the problem with sewerage, this matter is not yet finalised. The cost outlook has increased following specifications received from the Water and Waste team. We are seeking a meeting with Sean Mallon to explore other options such as shared utilisation of the existing sewerage facilities at Mazengarb.

Your support in getting this facility completed would be appreciated.

Regards

Roger Sowry
Trustee and Chairman

Policy on Underwriting

The Council can underwrite the funding of community projects constructed on Council land by community organisations providing that they meet the following criteria:-

- The underwriting is only for the funding of a proportion (up to 20%) of the total cost of a community project where it is required to complete a community project (i.e. where the majority of the funds for a project have been satisfactorily raised by the organisation and the underwriting of funding is required to meet the funding shortfall while the community organisation continues to fundraise to meet that shortfall).
- The underwrite is for a specified short term up to a maximum of 2 years.
- For Council to provide an underwrite it must be satisfied that in the event that a community organisation is unable to repay the full underwritten amount, that the Council would be prepared to lend the community organisation up to the full amount of the underwrite for a longer term (maximum of 20 years) at current interest rates or the Council is prepared to offer a loan guarantee for the community organisation where they obtain a commercial loan from a bank or financial institution.
- For Council to agree to provide an underwrite they must be satisfied with the community organisation's Business Plan / cashflow forecasts and, in the event of the Council having to provide a loan or loan guarantee, that the community organisation can meet the loan servicing costs, as well as its other operating costs from its projected operating reserves.
- For Council to approve an underwrite, the community organisation must be prepared to sign a Deed of Indemnity giving Council security over the community project in the event that the community organisation defaults on its repayment of the underwrite or on its loan repayments.
- The community organisation will also need to provide a set of audited financial statements to the Council each year of the underwrite / loan or loan guarantee.
- All legal costs associated with a Deed of Indemnity and Deed of Guarantee need to be met by the community organisation.

The Kapiti Community Recreational Turf Trust

Business Plan 2013-2015

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Draft prepared for The Trustees

20 March 2012

Background

Located in Mazengarb Reserve is an internationally graded hockey playing surface with player/ team dugouts, and a kiosk. Construction was funded by NZ Lotteries, KCDC and a range of community and corporate funders. It opened in 2009.

The facility is primarily supported by the local Hockley club, Kapiti Hockey Club (KCHC) along with its regional association with Wellington Hockey (WHA) and Horowhenua Hockey Association (HHA) . The primary fee paying customer is Wellington Hockey Association (WHA), although half of this income stream is facilitated through KCHC. The facility is limited to local hockey competition at this time due to the lack of social and player facilities.

Specifically it used by:

- Wellington Hockey – Junior comp, secondary comp, open grade
- Kapiti Hockey Club – extensive junior programme, social leagues, training
- Horowhenua Hockey – Junior competition
- Colleges – Kapiti and Paraparaumu
- Schools – Kenakena, Paraparaumu, KCU Football Club
- Horowhenua rep football
- Touch Rugby
- Paraparaumu Rugby
- Pre-school activity programme

During the first year of the turfs operation the local hockey playing numbers where bolstered to enable KCHC to field nine (four men’s and five Women’s teams), this reduced back to 5 teams (two men’s and three women’s) due to two key issues, one of which was the lack of a club epicentre (Clubrooms).

The other organisations utilising the current facility include social and club soccer, touch rugby, rugby, aged and youth care organisations. Additional exploration into these areas is limited as we are unable to provide wet weather alternatives.

College Players – current 8 this year – social aspects Tues - Friday nights

Local and associated senior hockey team’s anecdotal evidence is that the playing facility is of a high calibre but that the lack of associated facilities is detrimental. Post match socialising is currently done in the local tavern or city taverns.

The “other” sporting codes are attracted to the facility due to its all weather aspect, and forgiving playing surface but are critical of our lack of player facilities. In simple terms there is no place to get changed out of the wet gear.

Approx current users:

- | | |
|--|------|
| • Non-hockey user groups | 12 |
| • Current KCHC players open & social | 140 |
| • Current College / Junior players | 450 |
| • Playing and non-playing visitors per week (winter) | 250+ |

Facilities Planned

Stage 1 and 2 of the development aims to provide

- Viewing balcony undercover
- Large workshop/conference or meeting area
- Function rooms - Cocktail 250 people, banquet 120
- Small meeting room
- Kitchen with primary facilities and service area, also accessible from outside
- Interior bar/coffee bar facility
- Offices and cool store (only if stage 3 is funded)
- Storage for regular users
- Structured activities equipment
- Furniture, office equipment, meeting, basic conference equipment
- EFTpos and telephone

The Operating Model and Range of Services

The pavilion will provide additional revenue streams over and above those already active on the turf. They are;

Commercial Kitchen. We anticipate leasing the kitchen to a commercial entity to allowing them to have access to the site 24/7 365 days a year. This will enable them to service a offsite catering company and also provide them with exclusive rights to cater on site events.

Alternative lower key catering facilities will be available in the short-term.

Sports Club rooms. The hockey club will have access to the facility, as full fee users, to provide it members (the turfs current main revenue stream) with a epicentre. It is envisaged that the bar / kiosk will operate to provide the club with refreshments and snacks (outside of the catering contract, unless it is a large stand alone event).

Hall Hire. The pavilion will provide an open space for general hire, allowing smaller clubs, small social events to have a location to utilise e.g. The Marching clubs monthly meeting etc.

Workshop/meeting venue. Full catered meeting with primary electronic aids.

Small meeting venue. A 10 person meeting room has been included in stage 1.

Naming Rights. The Pavilion and associated turf are located in a prime location, centred in Mazengarb recreational area, and will provide a naming sponsor to have achieve a high level of visibility to the sporting codes on the Kapiti Coast (Soccer, Touch Rugby, Gymnastics, Dancing etc).

Growth of Activities

Hockey alone cannot sustain the facility and it is open to other codes and community groups. Their use is essential. With the addition of the above mentioned facilities growth in our current revenue streams is considered to be identifiable across a number of those groups:

1. Hockey – The creation of a clubroom environment, in conjunction with activity within the club itself, will provide a greater number of both, Senior and College players. It is expected that player numbers will increase back to a player level comparable to then when the turf initially opened (9 Teams). This will create a sustainable mass of players allowing the formulation of a development and succession strategy with the club, ultimately enabling the club to target inclusion in the premiership grade for both men and women. (Please note they currently have teams in the P2 grade) This has a two fold impact, of increasing turf usage, during high tariff time blocks and also too increases support of clubs social and post match engagements.
2. At a Junior level the club rooms will enable the on going development of youth sides, again by providing an epicentre but also to provide their supporters/ guardians physical support from the elements.
3. For both aspects of KCHC the additional facilities will enable us to seek / organise local and or national / international competitions to be played.
4. Summer football and hockey league both are active today, but to some degree lack the social aspect associated to them. Currently a drinks and snack vending service is run from the kiosk, which is very weather dependant. With the creation of the clubrooms growth is expected in both codes, in player numbers and supporters through utilisation of the clubrooms to continue socialising with others participating in the sports activity.
5. Pre-school and School structured activity programmes. Trial programmes were successfully run in December. Funding has been received for equipment.
6. Currently we are offering the playing surface to both Retirement homes and Pre/Post school care. Coupled with an additional equipment hire option, primary targeting the pre/post school child care. This is a summer activity only as we are unable to offer any alternative space for them to complete their associated activities, with the inclusion of the pavilion we can provide an alterative space if weather is not conducive to outdoor actives, so providing a fall back in Summer and a venue in Winter.

A number of opportunities exist for use by sports, service and community groups:

School Trustees Assoc, Rotary, Sports clubs without clubrooms, First aid courses, Referee, umpire, coach, training – all codes.

Morning and afternoon teas during winter season – guests from local Rest homes to watch kids play hockey.

Stirling Sports are interested in having an outlet shop on weekends.

Rental for quiz Nights – provide sound system and Screen/projector. BYO evenings

Bingo – Bridge – Ma Jong – Chess (currently use library)

Community Centre are happy to send their over-flow bookings in our direction (Pat Cummings).

Note: No 18th or 21st parties.

Assumptions

Assumptions made in preparing the financial plan include:

- Funding will be received to complete the Pavilion and provide catering facilities.
- Pavilion will be will available to full fee paying turf users
- Fees and charges are detailed in Appendix 1. Minimal increase in line with CPI
- Improved facilities will lead to increased hockey players and teams at all levels
- Capacity for non-hockey users will be expanded (at marginal rates as the get used to paying for usage)
- Improved facilities will lead to increased usage by non-hockey players, daytime users and social groups.
- Advertising revenue will grow with increased usage and sponsorship via naming rights will be sold.
- Fitout will include basic bar and Kitchen facilities. Any increased capability to be provided by external contractors.
- Catering revenue has been taken as minimal at \$100 per week, starting in year 2. Any improved contract or arrangement provides up-side to the operating arrangements.
- Additional equipment and furniture will be funded by grant monies.
- Our status as a charitable trust will continue to attract modest donations through it's tax deductible status
- External funding will be available for development programmes
- An operational funding item in the financial model for grant funding has matching expenditure items that can be dropped if funding is not achieved.
- Some funding for administration of community and children's activities will be available.
- An interest and repayment holiday will be granted for the first year of additional loan monies from KCDC.

Sport Collective Opportunity

With the demise of Sport Wellington, Kapiti and closure of Sport House – clubs which have no clubrooms are now without a hub. KTT pavilion could provide that. Sport House was used as a meeting space, information hub and administrative hub.

Stage 3 of the development includes offices. While this is not yet funded, approximately \$100,000 during the current construction phase would provide offices and an additional meeting room. The cost will increase if added later.

Potential additional revenues arising from the proximity of this facility have not been included in the financial plan.

KCRTT Operating Budget and financial plan

	Actual 2010-11	Budget 2011-12	Plan 2012-13	Plan 2013-14	Plan 2014-15
REVENUE					
Turf Hireage	40877	45240	53340	60250	61901
Kiosk Sales - non contract	311	3000	4500	4725	4961
Pavilion Hireage		500	17200	28900	30300
Advertising	8700	6700	8200	9700	11200
Sponsorship		0	5000	5000	5000
Special purpose grants	4500	9800	14000	16000	16000
Donations		1000	3000	4000	5000
Interest	3237	3500	500	500	500
Total Revenue	66325	69740	105740	129075	134863
Operational Budget - Expenses					
Staff Costs	27629	30950	38150	42670	42670
Kiosk Costs	150	1000	2250	2363	2481
Marketing	1660	1000	1000	1000	1000
Administration	837	1144	1844	1944	2044
Technology	871	783	983	983	983
Telephone	985	757	1117	1117	1117
Site Maintenance	2223	2700	2700	2800	2800
Turf maintenance	1302	2000	2500	2500	2500
Equip Plant & Premises Maint	64	250	1250	1450	1750
Watering Maintenance	2868	2200	6200	6200	6200
Lights Maintenance	1043	7500	1000	1000	1000
Power	5555	6000	10000	10500	11025
Facilities	624	1210	1039	1093	1152
Insurance	4194	4200	10700	10700	10700
Interest	0	6500	6045	15145	13520
Total expenses and payments	50005	68193	86777	101464	100941
Operating Surplus/Deficit	16320	1547	18963	27612	33922
Operational Assets	7348	2700	5000	5000	5000
Loan Principal Repayments		7000	10000	25000	25000
Add back depreciation		0	0	0	0
Net Cash Surplus/Deficit	8972	-8153	3963	-2388	3922

Note: The Operating account currently holds a \$21,300 bank balance for reserves and cash flow management purposes. April to September are the busiest months for the Turf. Interest on a proposed Council loan is included, although the preferred option is interest free.

Appendix 1 - Charges and fees

Kapiti Multisport Artificial Turf Usage Charges

Base rate per hour – priority usage	\$116
Key Deposit	\$20

Competition Games

Hockey

Primary age local competitions (per hour) daytime start	\$60
WHA Primary Competition (1 hr Sat Morning)	\$70
WHA College Competition (1 hr P3-R3)	\$70
WHA College Competition (1.25 hrs P1, P2)	\$88
Regional Competition Games (1.5 hrs)	\$174
National/International Games	POA

Other

Local Club games – all codes	\$70
Non-local Club games – all codes	\$80

Non-Comp and Practice Fees per hour

Local Schools	\$60
Local Clubs	\$70
Non-local users	\$80

Special Rates per hour

All Year mid-week day time prior to 3pm	\$40
Winter Sunday mornings 9.00-11.00am	\$40
Summer mid-week 3.00-10.00pm	\$50
Lighting Charge Winter – included in above rates	
Lighting Charge Summer – 8.00-10.00pm	\$10
Ad Hoc/Personal key hire – per month	\$20
no booking(i.e. subject to availability) - no lights	

Proposed Pavilion usage fees

<u>Facility</u>	<u>Frequency</u>	<u>Rate</u>
• Kitchen rental or profits	Weekly	\$0
• Event Pavilion hire	3 hr session	\$50
• Equipment hire	Daily	\$50
• Event Pavilion hire full day with conference facilities	Daily	\$150
• Meeting room	2 hr session	\$20

Appendix 2 – Usage Charges Other Venues

KTT PAVILION Cocktail 250 // Banquet 125

Kapiti Community Centre

Pak n Save Hall	120 seated // 100 with trestles	\$76 per session	\$111 per session	Reduced rates for community groups
Kapiti Rotary Hall	35 seated	\$61 per session	\$91 per session	Reduced rates for community groups
Committee Room	16 seated	\$31 per session	\$41 per session	Reduced rates for community groups
Meeting Room 4	20 seated	\$31 per session	\$41 per session	Reduced rates for community groups

Southwards

Conference Room 1	Cocktail 120 // Banquet 80	\$30 p/hour min \$120	\$60 p/hour min \$240	Electric Whiteboard \$60 TV \$50
Conference Room 2	Cocktail 200 /// Banquet 160	\$30 p/hour min \$120	\$60 p/hour min \$240	White Board/Easel \$30 Data Projector \$75 PA System \$30

Paraparaumu Golf Club

Main Room	Cocktail 250 // Banquet 130	\$575 per session	\$575 per session	2 TVs available - no charge. No other add ons available
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HHA Pavilion Levin

Cocktail 100 // Banquet 60	\$100.00 per evening	White board and OHP available - no charge No other add ons available
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Weka Park Club rooms

Cocktail 120	\$250 per evening	TV. Use of bar - small fee own drink/full fee with bar and staff Use of kitchen - small fee own food crockery etc
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Senior Citizens' Centre

\$50 per evening

Lindale Conference Centre

Phoenix Room	20	\$200 full day/\$150 half	Based on day rate	Morning/Afternoon Tea \$6.00 per person
Nikau Room	100	\$350 full day/\$250 half	Based on day rate	Lunch \$18.00 per person incl Tea/Coffee Dinner \$35-\$60 per person incl Tea/Coffee

Paraparaumu Library

Not specified - max 40	\$62 half day // \$113 full day	\$72	White board. hot water, cups, dishwasher
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Paraparaumu Boat Club

Scots Hall

Appendix 3 - HOSTING VISITORS- BENEFIT TO KAPITI REGION

Regular

- During the 20 week winter season with home-away games, up to 250 players and spectators each week come to watch hockey. From Wellington primarily, also Levin and Wairarapa.
- Wellington schools, rep teams, overseas social touring teams, specialist coaches and clubs hire the turf periodically for practice, pre-season games.

Opportunities - Likely

- Hosting other hockey clubs from around NZ for Friendly Weekends, especially end-of-season.
- Hosting College tournaments from around NZ
 - Official 16 team Hockey NZ tourney
 - Pre-season quadrangular, clubs, colleges
- Football training, Wellington or Levin teams
- Regional inter-association Premier Grade games and/or National Hockey League warm-ups

Opportunities - Possible

- Sports Expo – like the Kapiti food Fair at Whitreia...invite all codes' gear and strip providers/manufacturers to an expo on the coast, same weekend every year to tout their wares to clubs in the area
- Art Exhibitions (out-of-season) – promote in conjunction with something else which would draw visitors to Kapiti for weekend
- Trade or Community Fair
- Concert evenings – music groups (jaz/quartets etc) co-host with local winery

Analysis of Revenue/Expenditure Budgets

Turf Hireage

The increase in turf hireage of around \$7,000 per annum over the next 2 years is based on the assumption that the Pavilion facilities will increase usage of the turf on top of their current levels of \$40,000 to \$45,000 per annum. Their assumptions are based on an anticipated growth in the number of local hockey teams, the use of the turf by Wellington teams for training sessions and the increase use for regional tournaments.

Pavilion Hireage

Pavilion hireage budgets of \$17,200 for the 2012/13 year increasing to \$28,900 in the 2013/14 year includes an allowance for revenue from a lease of the kitchen to a commercial caterer. Also the pavilion includes a main hall which will be available three times a day at \$50 per session with two small meeting rooms being available at \$20 per night. The Trust has assumed levels of hireage which they consider are achievable.

The Trust advise in their Business Plan that the Pavilion will provide an open space for general hire, allowing smaller clubs, small social events to have a location to utilise e.g. the Marching Clubs monthly meeting etc.

Naming Rights

Naming rights has been deferred until the Pavilion has been built. Naming rights for the Pavilion is estimated to be \$5,000 per annum.

The Trust consider that the Pavilion and associated turf are located in a prime location, centred in Mazengarb recreational area which will provide a naming sponsor the ability to achieve a high level of visibility to other sporting codes on the Kapiti Coast (soccer, touch rugby, gymnastics, dancing etc.)

Special Purpose Grants

These grants are for specific operating purposes. In the 2010/11 year there was only \$4,500 raised and \$6,800 received to date for the 2011/12 year. The Trust are budgeting \$14,000 in the 2012/13 year increasing to \$16,000 in the 2013/14 year. The Trust advise that if the grant is not received then the corresponding related expenditure (i.e. increased staff costs and operational levels) will not proceed in those years. The expected source of those grants is Pub Charities and Youth Development grants with the expenditure focussed on running development and exercise programmes.

Operating Expenditure

The projected operating expenditure appears to be reasonable in relation to the historic costs and also in relation to the projected increased expenditure relating to the operating maintenance/insurance costs of the Pavilion.

Depreciation

No provision is being made for depreciation in terms of the Trust assets because on a cash flow basis there is insufficient revenue to enable depreciation to be put aside for the replacement of equipment and key assets. Most of the assets have been purchased from grants and their expectation is that the replacement of those assets will also be funded from grants in the future.