

Indicative Business Case Summary

Local Indoor court facility for Kumeu-Huapai

Rodney Local Board propose a local indoor court facility for Kumeu-Huapai

Investment Proposal

The Finance and Performance Committee earmarked \$22.4 million of funding be allocated to a local indoor court facility to service Kumeu and Huapai [Resolution FIN/2018/85]

The proposed facility could cater to a wider variety of sporting codes including two full-sized indoor courts with provision for indoor cricket nets and squash courts

Key Investment Objectives

Reduce inequities and improve health and wellbeing of the community

Address gap in unmet leisure and recreation (no current public facility)

Cater for forecast population growth and changing needs

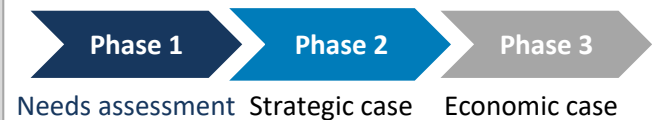
Provide fit for purpose facilities

Proposed facility location – Huapai Reserve



Investigation of investment proposals

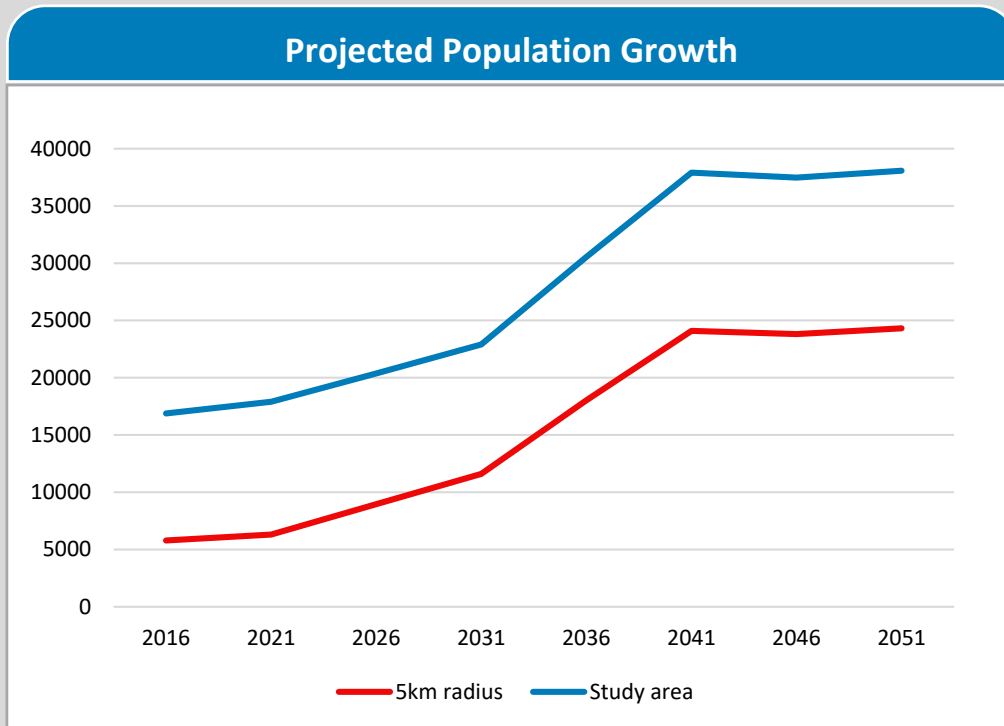
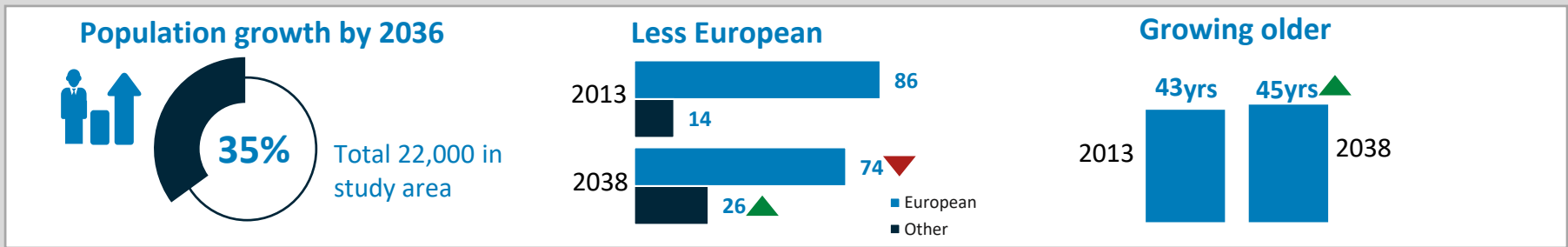
Indicative business case



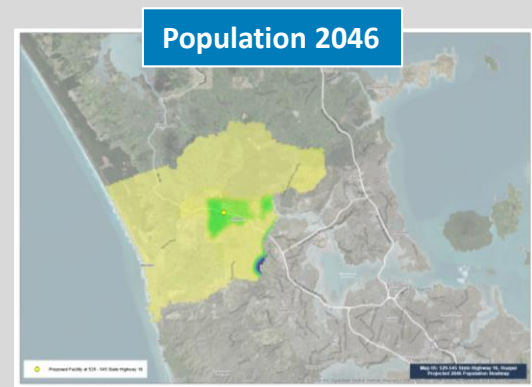
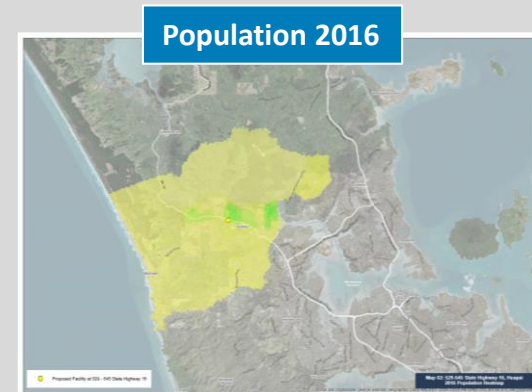
The proposal aligns with Auckland Council strategies



Kumeu-Huapai is a future growth area with forecast population growth of 22,000 over next 20 years



Source: Auckland Regional Transport units

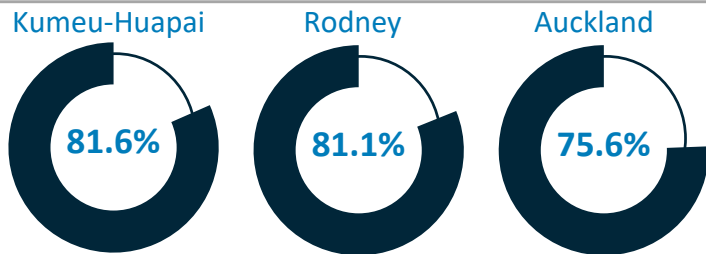


Community are more active than Auckland average

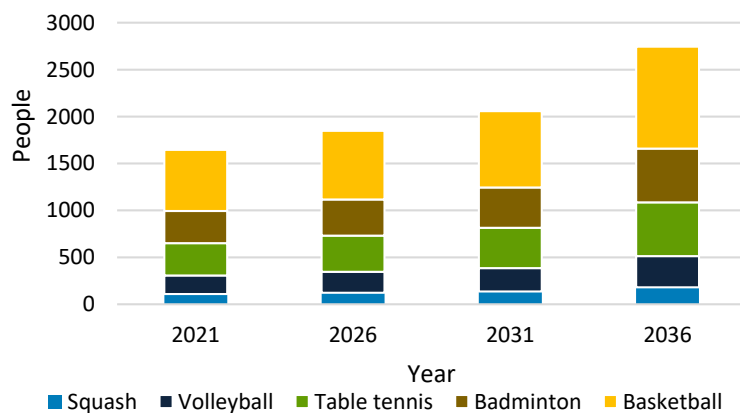
There is current unmet demand for court space which is growing

Community Facilities Network Plan provision is one leisure facility (two courts) for every 18,000 people or one court for 9000 in rural areas – requiring two indoor courts from 2021

% Active by Area

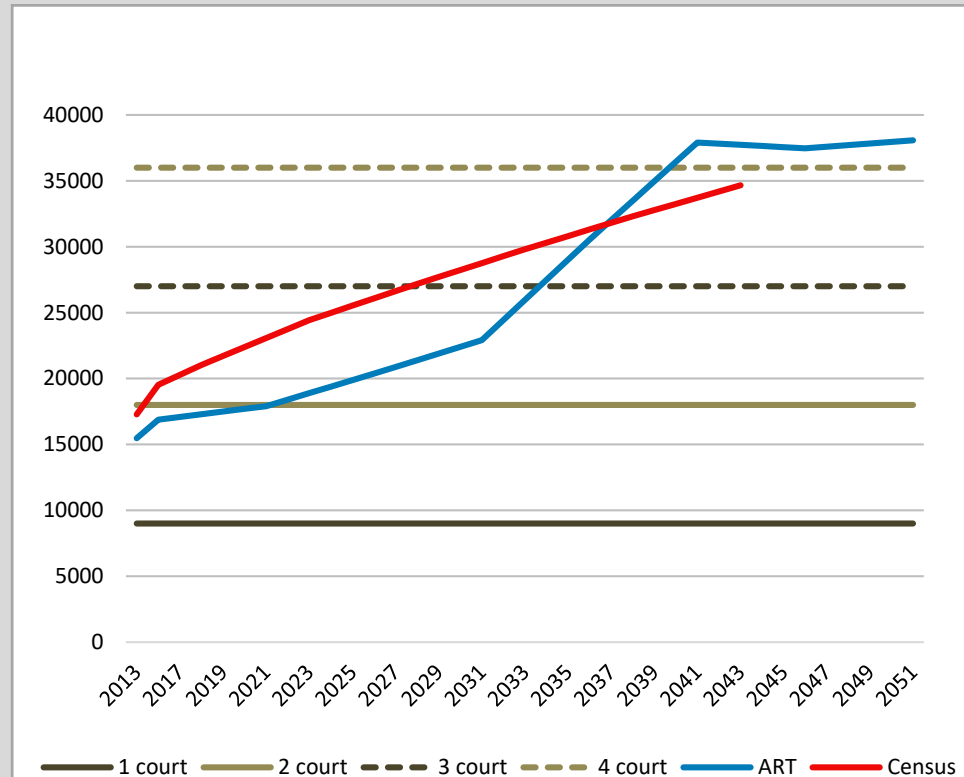


Demand For Court Space



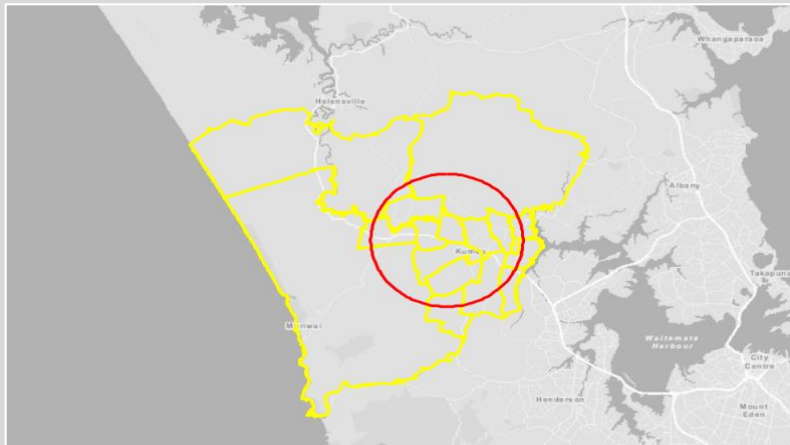
Source: Developed using Sport NZ Insight Tool

Current and Future Unmet Demand



Source: Auckland Regional Transport units

No fit-for-purpose facilities currently exist in the Kumeu-Huapai area



Study area:

5 kilometres from Kumeu-Huapai, plus 30 minute drive time from rural areas

Source: Auckland Regional Transport units

Existing facilities

- ▶ Kumeu Community Hall* - Undersized. Used for social indoor netball.
- ▶ Kaipara College – Full-sized indoor court. Not currently accessible to public and outside catchment area.
- ▶ Waimauku School Hall* – Undersized. Used for badminton and netball. Not always available.
- ▶ Kumeu Racquets Club – Three badminton and three squash courts.
- ▶ Kumeu Gym – Hosts social indoor netball and football. Not suitable for competitive sport.

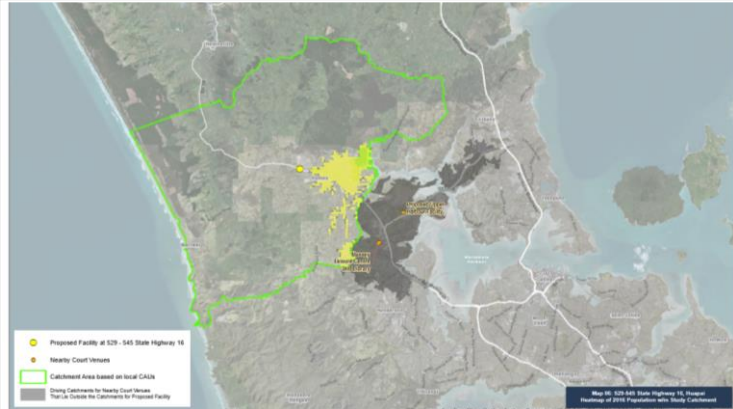
Many local residents drive to other areas – and currently make up 16% of Massey Leisure Centre users.

Massey Leisure Centre is close to capacity.

* Risk of crowding out existing community use

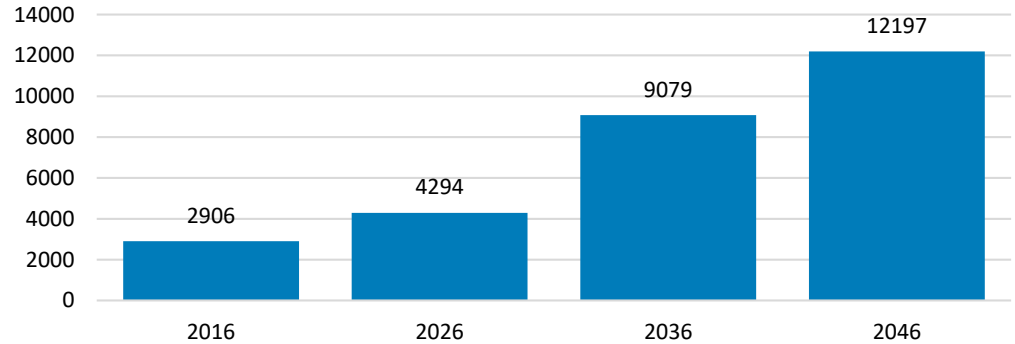
A destination facility is proposed for Whenuapai – potential overlaps with Kumeu-Huapai facility catchment – still a shortage

Upper Harbour Local Board have proposed a destination facility as part of their One Local Initiative



Potential catchment overlap shown in yellow

Population served by both



- ▶ If all of the population in the above table go to the Whenuapai facility there is still a shortage of one court, growing to two-courts by 2030.
- ▶ If the Whenuapai facility is only a local facility (two-courts or less) there will be no overlap in catchment area.
- ▶ A destination facility in Whenuapai could provide some indoor court provision for the study area, pushing demand for a two-court facility back by nine years.

A range of options were identified and two potential solutions identified - both have good strategic alignment

LOCAL BOARD OPTION

2 indoor courts with provision for squash and cricket

Two full-sized indoor courts
Four squash courts
Three indoor cricket nets
To be built on council-owned land at Huapai Domain

Ancillary facilities

Six changing rooms
Function space
Meeting room
Office
Kitchen

REDUCED SCOPE OPTION

Indoor courts facility (no squash or cricket)

Two full-sized indoor courts

Ancillary facilities:

Six changing rooms
Function space
Meeting room
Office
Kitchen

Do nothing option

“Do nothing” was considered but did not align strategically given current needs are not being met

Critical success factors

	Local board option	Reduced scope option
Strategic fit	●	●
Business need	●	●
Potential value for money	●	●
Supplier capacity and capability	●	●
Potential affordability	●	●
Potential achievability	●	●

Investment objectives

	Local board option	Reduced scope option
Enable our communities	●	●
Fit-for-purpose	●	●
Reduce inequities	●	●
Do more with less	●	●
Evidence-based	●	●

Overall assessment

Local board option	Reduced scope option
●	●

KEY



Strong



Moderate



Weak

Both options would deliver positive economic returns

CBA Results Summary over 30 years (present value terms)

Net Present Value (\$m)	Local board option	Reduced scope option
Total Costs	\$22.3m	\$17.4m
Total Benefits	\$35.7m	\$32.0m
Net Benefits	\$13.4m	\$14.6m

Results	Local board option	Reduced scope option
Benefit: Cost Ratio (BCR)	1.6	1.84
Internal Rate of Return (IRR)	8.6%	10.0%
Payback period	16 years	14 years

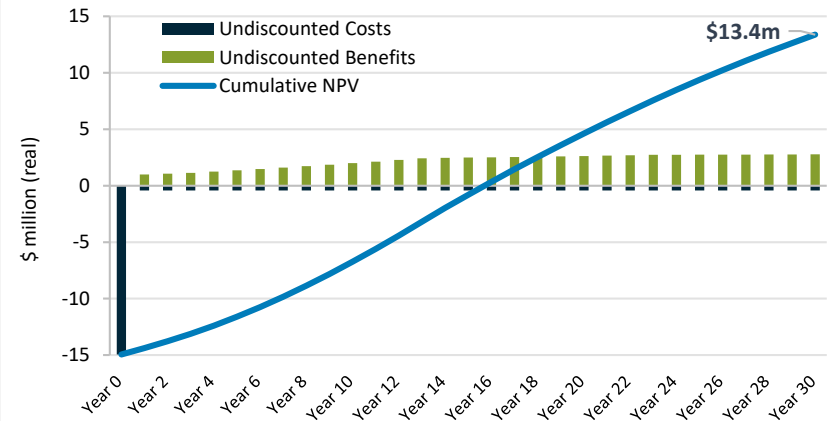
Sensitivity Analysis

Benefit: Cost Ratio	Local board option	Reduced scope option
Best Case	2.9	3.4
Base Case	1.6	1.8
Worst Case	0.7	0.8

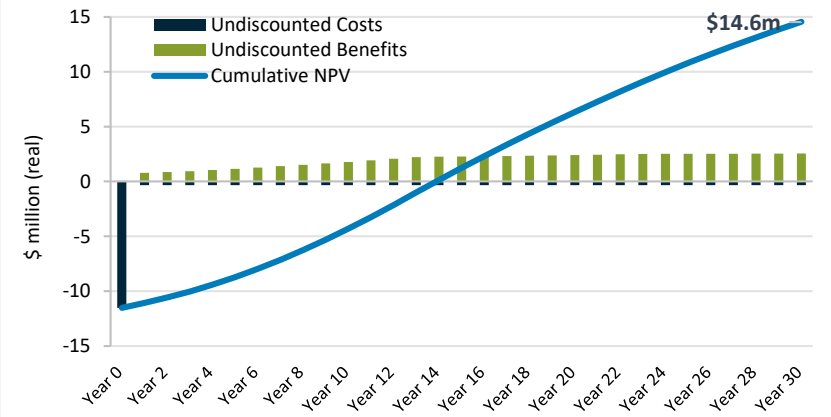
Best case: Costs ↓22.5%, Benefits ↑ 15%

Worst case: Costs ↑22.5%, Benefits ↓ 15%

Cost : benefit analysis – Local board option



Cost : benefit analysis – Reduced scope option



Benefit : cost ratio > 1 is good
Internal rate of return > 6% is good

NPV (Net present value) assesses the value of the cash flow over the life of the project in current \$. A NPV > 1 is good

Conclusion and recommendations

The indicative business case demonstrates

<p>A strong strategic case for change</p>	<p>Good alignment with council strategies</p>	<p>High population growth and increasing demand for indoor sports in the area</p>	<p>Population has high levels of activity and are likely to use the facility</p>	<p>Current and increasing shortfall in indoor court space</p>
<p>A strong economic case for change</p>	<p>Features a number of critical success factors</p>	<p>Good alignment with investment objectives</p>	<p>BCR 1.6 (Local board option) BCR 1.84 (Reduced scope option)</p>	<p>IRR 8.6% (Local board option) IRR 10% (Reduced scope option)</p>

The reduced scope option demonstrates higher value for money but both options should be explored further particularly as Kumeu Rackets Club may not partner with council and invest in the facility



Benefit : cost ratio > 1 is good
Internal rate of return > 6% is good

A degree of caution is required



1

Demand projections based on current sports participation levels in local area

2

Base case predicated on projected population growth

3

Neighbouring local boards may wish to develop similar facilities with catchment overlap

4

Detailed facility design has not been developed and costs not reviewed by a quantity surveyor

5

The Kumeu Squash Club may choose not to invest