

CLUTHA COMMUNITY HUB



Clutha District Council Consultation on Additional Funding 2022



Tell us what you think Clutha Community Hub



Deputy Mayor Stewart Cowie



Councillor Ken Payne



Councillor Bruce Graham



Councillor John Herbert



Councillor Carol Sutherland



Councillor Lloyd McCall



Councillor Alison Ludemann



Councillor Bruce Vollweiler



Councillor Mel Foster



Councillor Jo-Anne Thomson



Councillor Dane Catherwood



Councillor Gaynor Finch



Councillor Selwyn Wilkinson



Councillor Wayne Felts

This document has been prepared in accordance with and supports sections 76-82 and 95A of the Local Government Act 2002.

The dominant theme rapidly developing right across our economy is inflationary cost escalations. Balclutha's Clutha Community Hub has not been immune to these pressures.

Despite the Hub Trustees diligent efforts, they now find the project at a critical stage that requires additional funding to complete the fit out and completion of the project. They have rightly turned to Council requesting our assistance in contributing to overcoming a shortfall that has rapidly developed.

Consequently we are seeking your assistance and guidance as we consider our options. Time is of the essence if critical timelines are to be met. Any further delays will only exacerbate the situation.

Council support is conditional on the Hub Trust being successful in a tandem application to Central Government, and will have stringent requirements to ensure that completion of the project is assured.

This is a defining project for our district. While it is terribly frustrating that we all find ourselves in this situation, the reality is that clear direction needs to be established, with limited options. These range from putting the project on hold, to moving forward now to support completion.

We wish to express Council's continued support and faith in the Hub Trustees with the situation being beyond their control. These price escalations are symptomatic of virtually all our present operations. The difference here is that we have significant changes to the level of funding requiring consultation.

We look forward to your input and comments.

Bryan Cadogan
Mayor



We have three options and are asking which is your preferred one for additional funding for the Hub?



In 2020 it was announced that construction would start on a new Clutha Community Hub to replace the Balclutha War Memorial Hall. Since then the old hall structure has been removed and the new one is taking shape.

Also since then the world has been in the grip of the COVID-19 pandemic. This has had many unexpected and unpredictable impacts on our daily lives.

Areas that have come under increasing pressure are the construction industry (supplies and personnel) and inflation. Both are having an impact on the Clutha Community Hub project with these escalations accounting for a \$3.7M cost increase.

An approach to ‘do-it-once and do-it-right’ has also impacted the final expected cost of the build. These key improvements and changes to scope account for a \$3.1M cost increase and include:

- Completion of a first floor rather than just a mezzanine, increasing potential future revenue from leases and rentals.
- A specialist theatre fit-out.
- Changes to allow better use and flexibility. Some examples include changes to support Civil Defence use, i-Site design, allowing for small bore events and acoustic improvements for when multiple events take place.
- Flooring improvements e.g. wool carpet tiles and auditorium flooring enhancements.
- Landscaping changes to tie into Balclutha’s streetscape.

These changes have created a short-fall of funds of approximately \$7M for the community-led portion of this \$22M* project. The Trust overseeing the project has applied to external providers and Council.

Kānoa – Regional Economic and Investment Unit within MBIE manages the current \$7.4 million government funding and it is developing its advice for Ministers on a government contribution toward the funding shortfall. Additionally the Otago Community Trust has recently announced funding of \$2.2M to this project.

Council is being asked to contribute up to a further \$2.5M, over and above the \$7.5M we have previously committed.

*NOTE: Note the overall revised cost of the project is \$24M, with \$2M representing direct Council-related costs such as landscaping and car-parking, and third-party funded memorial gardens.

Why is the Hub important?

The Clutha Community Hub has been developed to be a multi-purpose community, business and visitor hub designed to meet the needs of the Clutha District, now and into the future.

Integral to this project is that it is community-led, with ownership, governance and management by the Clutha Community Hub Charitable Trust (the Trust).

The facility will have direct impacts for the well-being of the district’s community, in particular economic, social and cultural well-being.

From an economic perspective it will provide a centrally located business hub of the southern part of the Otago Region with essential infrastructure to deliver a modern business environment that is currently missing in the Clutha District.

It will provide a focal point to showcase the Clutha District and enable the existing i-Site to expand its operations to deliver a compelling modern experience for both international and national visitors alike.

From a cultural perspective it can give a focal point for current residents and next generations that enables wider access to arts, theatre, local heritage and culture.

Without a marae in the district, it can provide a focal point to enable iwi to share their kōrero of the district and the Clutha River/Mata-Au.

From a social perspective the facility aims to be accessible and affordable to all community users. It would provide space for community groups, businesses, education, heritage, historical, health, culture and tourism groups to network and collaborate.

It can also enhance community pride and cohesion by delivering a centralised point to experience and celebrate the diverse cultural background of our district and through general day to day interaction within the space.

Design elements will ensure retention and focus as a war memorial hall, including integrating the current memorial and repurposing parts of the existing hall.

This facility will be future focused to meet needs now, and into the future, for at least 50 years.

HOW DID WE GET HERE? TIMELINE 2017-2021

2017

COMMUNITY CONSULTATION – OUR PLACE BALCLUTHA

We asked the community how we should deal with the earthquake prone Memorial Hall. The result was in support of a multi purpose community and visitor hub. A community-led committee was formed to explore options and develop a business case and feasibility study.

2018

BALCLUTHA COMMUNITY PLAN

The Our Place Balclutha Community Plan was adopted which recognised the importance of the hall project.

THE TRUST

The Clutha Community Hub Charitable Trust was formed.

2019

The feasibility study and comprehensive business case was completed.

Formal agreement to look at redeveloping the Balclutha Memorial Hall facility was reached between the Clutha Community Hub Charitable Trust and Clutha District Council.

2020

THE COUNCIL BUDGET

During the Annual Plan process for 2020/21 Council consulted on whether to fix up the existing War Memorial Hall or contribute to a new facility. The decision was to contribute \$7.5M to a new facility.

ADDITIONAL FUNDING

In July 2020 \$7.4M external funding was confirmed from the Government's Crown Infrastructure Partner's shovel-ready project fund.

In December 2020 the hall was closed in preparation for demolition.

2021

WORK STARTS

The Clutha Community Hub Trust took over the project and works on the site got underway.

For further information about the timelines and progress of the Clutha Community Hub go to:

<https://www.cluthacommunityhub.info/> and

<https://www.cluthadc.govt.nz/community/community-projects/clutha-community-hub>



OPTION 1
Do not contribute up to \$2.5M

WHAT DOES THIS OPTION INVOLVE?

- This is the 'status quo' option, retaining the current level of committed funding at \$7.5M.

ADVANTAGES OF THIS OPTION

- No additional financial impact.

DISADVANTAGES OF THIS OPTION

- While the building could be substantially constructed, without the complete fit-out its useability and potential to generate future income would be adversely affected.
- Puts at risk the ability to secure funding from others , including where such funding is conditional upon Council matching it.

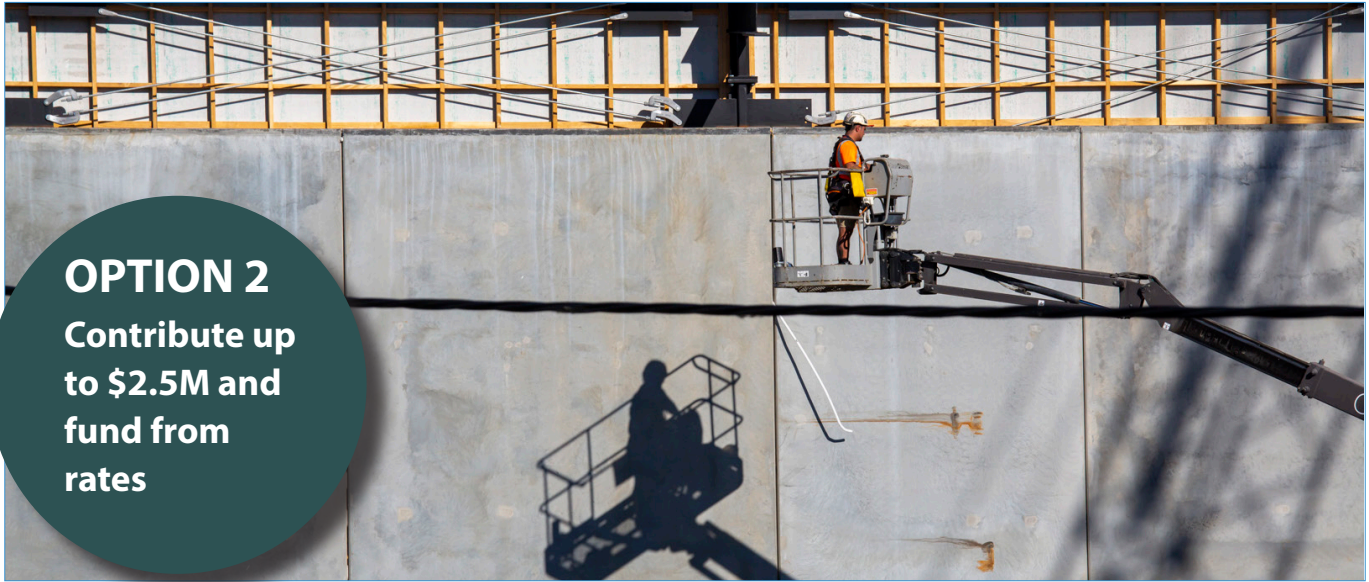
WHAT IT WOULD COST

- The existing committed funding level of \$7.5M.

HOW IT WOULD BE FUNDED

- Not applicable as no additional funding involved.





WHAT DOES THIS OPTION INVOLVE?

Completing the new facility to the level intended, to enable it to be a multi-purpose community, business and visitor hub. Note this is the same as with Option 3, but with rates (rather than non-rate) funding.

ADVANTAGES OF THIS OPTION

- Signals Council's continued support of the project to the public and to third party funders.
- Allows Council to match funding if there are such conditions required by external funding providers.

DISADVANTAGES OF THIS OPTION

- An increase in rates, as outlined below.

WHAT IT WOULD COST

- Up to an additional \$2.5M, taking Council's overall contribution to \$10M.

HOW IT WOULD BE FUNDED

The additional \$2.5M would be made available in the same way the existing \$7.5M is being funded, via a fixed charge on properties in the Lower Clutha community facilities rating area, and the Uniform Annual General Charge (UAGC) all properties in the district pay.

Subject to criteria being met, additional funding to Clutha Community Hub Charitable Trust of up to \$2.5M would need to be included in the 2022/23 Annual Plan budget. This would be loan funded and repaid over 30 years via rates, starting from 1 July 2023.

The rates impact of an additional \$2.5M funded from rates is outlined below.

Option 2 - Additional \$2.5M from rates	From 2023/24
All Clutha District properties (UAGC)	\$7
Properties in the Lower Clutha community facilities rating area	\$17
	(\$24 in total)

HOW COMMUNITY FACILITIES ARE FUNDED

There are six community facilities rating areas in the Clutha District: Clinton, Lawrence Tuapeka, Bruce, Catlins, West Otago and Lower Clutha.

Each year properties in these areas pay a fixed charge that funds 50% of the costs for facilities in each respective area e.g. pools, halls, parks and reserves. The other 50% is funded via the Uniform Annual General Charge (UAGC) paid by all properties in the district.

LOWER CLUTHA COMMUNITY FACILITIES RATING AREA





This is Council's preferred option

OPTION 3
Contribute up to \$2.5M and fund from reserves

WHAT DOES THIS OPTION INVOLVE?

Completing the facility to the level intended, to enable it to be a multi-purpose community, business and visitor hub. Note this is the same as with Option 2, but with reserve (non-rates) funding.

This is Council's preferred option.

ADVANTAGES OF THIS OPTION

- Signals Council's continued support of the project to the public and to third party funders.
- Using investment reserves means it will not have any impact on rates.
- Supports our 2021 Financial Strategy where we signalled we would utilise investments to help fund 'Living and Working in Clutha' and 'Our Place' community plan projects. The Hub is the highest priority key project from a strategic perspective.
- The investment reserve have increased in value through the returns we have received since it's inception in 2016. This is what we would utilise to provide the additional funding.
- Allows Council to match funding if there are such conditions required by external funding providers.

DISADVANTAGES OF THIS OPTION

- This option would use up the remaining balance of the investment fund returns we currently have available to us. However the fund would still stand at a forecast \$28.3M.

WHAT IT WOULD COST

- Up to an additional \$2.5M, taking Council's overall contribution to up to \$10M.

HOW IT WOULD BE FUNDED

- By utilising Council reserve funds as above.

COUNCIL'S INVESTMENT FUNDS

In 2016 Council consolidated \$22.8M it had built up into an investment fund. We use the returns we earn on this to:

- Reduce the uniform annual general charge (UAGC) rate for all ratepayers in the district.
- Help fund identified projects in our Long Term Plan and Our Place Community Plans.
- Have funds available to us in the event of a natural disaster or emergency.

So far we have distributed and committed \$5.2M towards discounting rates and helping fund key projects in the district.

For more information about Council's investments refer to our Financial Strategy 2021 at www.cluthadc.govt.nz



How do the options stack up?

Levels of service

This part gives an update on the level of service the facility would provide. Note the level of service is the same for Options 2 and 3 - it is how the additional \$2.5M is funded that is different, where Option 2 is via rates and Option 3 is via reserves.

LEVEL OF SERVICE ASPECT	OPTION 1* NO FURTHER COUNCIL FUNDING	OPTIONS 2 & 3 ADDITIONAL \$2.5M
Enhanced i-Site and visitor experience.	X	✓
Clutha District Council Service Centre.	X	✓
Large, multipurpose, 400+ auditorium with raked seating and modern backstage facilities.	X	✓
Centralised reconfigurable meeting and functions spaces for public, business and community groups.	X	✓
Business Hub/Co-working space and tenantable areas on the second floor	✓	✓
Central space with dedicated war memorial incorporating existing memorial, modern toilet facilities, museum pop up display space, gallery space, dedicated space for tangata whenua's stories, mini theatre (cinema) and commercial kitchen.	X	✓
Provide a range of new modern retail/lease space opportunities.	X	✓
Opportunity for other complementary projects, e.g. more parking, a war memorial garden, and improved links to the bridge and river.	✓	✓

* Option 1 envisages other funding is available but not sufficient to complete the build. Building regulations will impact on what areas can be used if the project cannot be fully completed due to insufficient funding.

Funding and community impacts

This part gives an update of key aspects it is important for Council to consider as part of decision-making.

OPTION 1 NO FURTHER COUNCIL FUNDING	OPTION 2 UP TO \$2.5M FUNDED FROM RATES	OPTION 3 UP TO \$2.5M FUNDED FROM RESERVES
Strategic direction		
Would mean partial completion of cornerstone 'Living and Working in Clutha' project and facility for Balclutha.	Would enable completion of cornerstone 'Living and Working in Clutha' project and facility for Balclutha.	Would enable completion of cornerstone 'Living and Working in Clutha' project and facility for Balclutha.
Contribution to community well-being (Refer to <i>Why is the Hub Important?</i> on page 3 for further information)		
Without ability to complete community spaces will not be able to meet social, cultural and economic aspects.	Is anticipated to meet social, cultural and economic aspects that the facility aims to achieve.	Is anticipated to meet social, cultural and economic aspects that the facility aims to achieve.
Cost (Council contribution)		
\$7.5M	Increase by \$2.5M to \$10M	Increase by \$2.5M to \$10M
Annual rates cost		
<ul style="list-style-type: none"> All Clutha District properties: \$20 Properties in the Lower Clutha community facilities rating area: \$50 (\$70 in total). 	<ul style="list-style-type: none"> All Clutha District properties: \$27 Properties in the Lower Clutha community facilities rating area: \$67 (\$94 in total). 	<ul style="list-style-type: none"> All Clutha District properties: \$20. Properties in the Lower Clutha community facilities rating area: \$50 (\$70 in total).
Council debt		
\$7.5M paid back over 30 years.	An additional \$2.5M in debt totalling \$10M, paid back over 30 years.	No additional debt. \$7.5M paid back over 30 years.

Tell us what you think...

**Attention
Clutha
District
Ratepayers!**

WHICH DO YOU SUPPORT?

OPTION 1: DO NOT CONTRIBUTE UP TO \$2.5M

OPTION 2: CONTRIBUTE UP TO \$2.5M FUNDED FROM RATES

OPTION 3: CONTRIBUTE UP TO \$2.5M FUNDED FROM RESERVES

- You can give us feedback by going to: www.cluthadc.govt.nz/consultation and filling in the online form.
- There is also a form attached to this document.
- Pass on your feedback by **21 April 2022**, so that Council can consider this ahead of making final decisions for the Annual Plan 2022/23 at their meeting on 19 May 2022.
- If you would like to speak in support of your submission, a hearing will be held via Zoom on **27 April 2022** and **3 May 2022**. at Council's Rosebank Office, 1 Rosebank Terrace, Balclutha.
- Council will adopt the Annual Plan 2022/23 on **23 June 2022**. It will take effect and apply from 1 July 2022. But note that rates changes (if Option 2 to fund from rates is chosen for the hall) would not take place until 2023/24 at the earliest.
- For further supporting information check out the Consultation and Plans pages on our website www.cluthadc.govt.nz, or call 0800 801 350.
- A public meeting will be held on 14 April 2020 at 7.00 pm in the Tyrone McElrea Lounge at the Cross Recreation Centre, Glasgow Street, Balclutha.



Please give us your feedback by 21 April 2022



Clutha District Council
www.cluthadc.govt.nz

CLUTHA COMMUNITY HUB CONSULTATION 2022

FEEDBACK FORM

We're keen to hear from you. Please provide your feedback to us by **5pm on 21 April 2022**.

Name/organisation:

Address:

Postcode:

Postal Address (if different):

Postcode:

Email:

Phone:

HEARINGS

Hearings will be held on 27 April via Zoom and 3 May at the Clutha District Council Rosebank Office.

Do you want to speak about your submission?

Yes

No

Preferred method of contact:

Email

Phone

MY PREFERRED OPTION

Please tick which option you support for the Clutha Community Hub consultation.

I support:

OPTION 1

Do not contribute
up to \$2.5M

OPTION 2

Contribute
up to \$2.5M
funded by
rates

OPTION 3

Contribute
up to \$2.5M
funded by
reserves

If there is any more information you want to supply attach it to this form.

NOTE: Your feedback will be available to the public as part of Council's decision-making process, but any contact details will be redacted (withheld).

You can return your feedback form in the following ways:

- Online: cluthadc.govt.nz/consultation
- Post to: Clutha District Council, 1 Rosebank Terrace, PO Box 25, Balclutha 9240
- Email to: help.desk@cluthadc.govt.nz
- Deliver to: any Council office or library.