

### Full Council

17 April 2025

### Report for Agenda Item | Rīpoata moto e Rāraki take [2]

**Department:** Community Services

**Title | Taitara:** Queenstown Events Centre Indoor Courts Development

#### Purpose of the Report | Te Take mō te Pūroko

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The purpose of this report is to seek approval to proceed with the concept design gateway and procure a design team for the concept stage of the Queenstown Events Centre (QEC) indoor courts development.

#### Recommendation | Kā Tūtohuka

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That the Council:

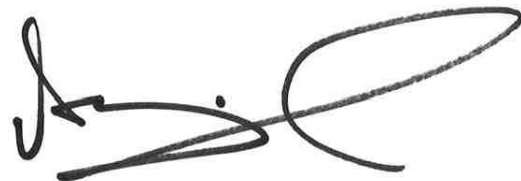
1. **Note** the contents of this report.
2. **Approve** Option 1 to proceed to the concept design phase gateway and the procurement of a design team for the Queenstown Events Centre indoor courts development; and
3. **Authorise** the Chief Executive and Mayor to enter into a contract for the concept design of the QEC indoor court development.

**Prepared by:**



**Name:** Simon Battrick  
**Title:** Sport & Recreation Manager  
27 March 2025

**Reviewed and Authorised by:**



**Name:** Kenneth Bailey  
**Title:** General Manager Community Services  
1 April 2025

### Context | Horopaki

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1. The Queenstown Lakes District has experienced and forecasted a significant increase in both resident and visitor population over the next 30 years. These exponential changes to visitor and resident population means that we are not able to accommodate demand or growth or respond to changing community recreation and event needs at the Queenstown Events Centre (QEC).
2. The facility customer base grew from 74 user groups using the indoor facility to over 294 user groups between 2014-2024 (297.3% increase).
3. The growth of local community sporting and recreational activities has exceeded existing capacity to the point where we are not able to accommodate demand or growth or respond to changing community recreation needs.
4. In 2018-2020 a Queenstown Lakes District Council-Central Otago District Council Sub Regional Recreation & Sport Facilities Strategy was developed as a framework for the development of recreation and sport facilities across the Queenstown Lakes and Central Otago districts. This strategy identified a need for increased level of provision of indoor courts space in the Queenstown Lakes District to service the growing population.
5. In October 2019 an indicative business case was developed to help address the growing pains at QEC. A range of options were explored and a \$14M two-court structure was budgeted for in the Queenstown Lakes District Council (QLDC) Long Term Plan (LTP) 2018 - 2028. Due to financial constraints on the LTP, the project was moved out to be constructed in 2026/2027 and 2027/2028 financial years.
6. A review of the business case in 2022 and updated in 2024 indicates that due to the time lag in development of the courts and the increasing community need, a four-court structure is required to future proof forecasted community participation and event growth for the next 10-20 years.
7. This project has been reviewed by the Community Services Programme Control Group as per project governance framework and was approved by Council as a project in LTP 2024-2034 on 19 September 2024.

### Scope

8. Council officers have developed an operational brief outlining the operational requirements, design and different components of the new facility. This brief was independently reviewed by Sport New Zealand and feedback incorporated into the final operational brief to determine the scope.
9. The core scope of the project considers four full sized wooden-floor indoor basketball courts, a new 800m<sup>2</sup> fitness centre, ancillary facilities, such as change rooms, meeting rooms, kitchen, infrastructure services and carparking/outdoor landscaping for both existing and future recreation and sporting activities.

10. Building a large multi-purpose venue aims to address both existing and future recreation and sporting activities as they emerge. Pickleball trends are an example and officers have accommodated this demand and continue to work with sporting codes to accommodate future and emerging activities.
11. In response to emerging and future activities, one of the key criteria in the design will be to create flexible, functional areas, while ensuring operational efficiencies are gained.
12. It is envisioned that the new facility will be built across the existing QEC carpark and No. 4 sports field. Future provision of services has been identified with a new access and carparking off Grant Road being developed, to meet the needs of the outdoor sports community and event organisers.

### **Procurement - concept design phase**

13. Officers have evaluated the methodologies to proceed with the concept design gateway and procure a design team for the concept stage of the QEC indoor courts development as per Table 1. Engagement of the market to be achieved using the QLDC procurement processes.
14. Evaluating each procurement method, a Design and Build (D&B) option has been identified as it offers clear benefits such as cost certainty, faster project delivery, and reduced design risk, while aligning well with the project's requirements. The current strong market conditions present an opportunity to maximise the advantages of this approach.

*Table 1.*

Procurement Approach	Description	Pros	Cons
<b>Early Contractor Involvement</b>	Engage contractor prior to design via a competitive P&G Margin tender	<ul style="list-style-type: none"> <li>• Ability for early pricing of packages</li> <li>• Ability to commence early works packages on site</li> <li>• Contractor input into design process ensuring designs are realistic and achievable</li> <li>• Client maintains design control</li> <li>• Design the price</li> <li>• Contractors buy into the design process</li> </ul>	<ul style="list-style-type: none"> <li>• Contractor can become complacent through design and pricing</li> <li>• Most competitive price may not be achieved</li> <li>• If agreement not reached, tender may be required</li> </ul>
<b>Traditional</b>	Design/ tender/ construct	<ul style="list-style-type: none"> <li>• Client maintains control over design process</li> <li>• Certainty of price before appointment</li> <li>• Creates competitive tension</li> <li>• Assess multiple contractors approaches</li> <li>• Well know in NZ</li> <li>• Project risk is shared</li> </ul>	<ul style="list-style-type: none"> <li>• Design risk is carried by the client</li> <li>• Little ability for contractor input into design</li> <li>• Pricing the design</li> <li>• Likely to be the longest project time</li> </ul>
<b>Design and Build</b>	Competitive tender performance spec and concept	<ul style="list-style-type: none"> <li>• Project cost certainty</li> <li>• Some competitive tension</li> <li>• Programme benefits</li> <li>• Contractor carries most of the risk</li> <li>• Reduces client design cost risk</li> <li>• Simplify internal processes following contract award</li> </ul>	<ul style="list-style-type: none"> <li>• Contractor prices in risk</li> <li>• Lack of design control</li> <li>• Complacent contractor</li> <li>• Designers work for the contractor not the client</li> <li>• Client changes can be costly</li> </ul>
<b>Hybrid</b>	Combination of the above approaches	<ul style="list-style-type: none"> <li>• Ability to adjust approach to suit with benefits from multiple approaches</li> <li>• Split packages to be delivered under difference approaches to save on margin/ costs</li> <li>• Cost and programme efficiencies</li> <li>• Optimise project risk distribution</li> </ul>	<ul style="list-style-type: none"> <li>• Management and coordination complexities</li> <li>• Inconsistent quality control</li> </ul>

15. The market advice is that D&B is a viable option to be considered at this stage of market engagement. How we manage the allocated LTP budget would need to be considered. Funding within the LTP is scheduled over a 5-year period to align with the phases of the programme through to project completion.
16. Note that the current funding alignment in LTP 2024-2034 predicates a traditional procurement approach to the design and construction of QEC indoor courts development.
17. At the conclusion of the concept design phase staff will recommend to Council the next steps based on available procurement and design options that will provide best value for money through the construction phase.

### Analysis and Advice | Tatāritaka me kā Tohutohu

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- 19 This report identifies and assesses the following reasonably practicable options for assessing the matter as required by section 77 of the Local Government Act 2002.
- 20 Option 1: Proceed with the procurement of a design team to develop a concept plan for the QEC indoor court development.

#### *Advantages:*

- Improves the ability to get a more accurate estimate of costs to build the QEC indoor courts development at the end of concept stage
- Advice has been received that indicates current market conditions are favourable to engage the construction sector to potentially achieve a cost-effective design and construction outcome
- Supports progress toward the required level of service for the Whakatipu basin, now and into the future, and as a premier sport and recreation hub for the Queenstown Lakes District
- Increase in sporting groups satisfaction with the quantum and type of recreational and sporting assets available in the district
- Increases participation in events and activities by both residents and visitors, thereby increasing social connectedness/social wellbeing and physical health
- Increased revenue opportunities through an increase in court and fitness activities

#### *Disadvantages:*

- Inability to cater for the increased sport and recreational growth in the community

- Departure from the LTP investment which results in negative impact on the current and forecasted levels of service
- Increased disruption to the community and users of QEC during the construction phase of the development

21 Option 2 Do not proceed with the procurement of a design team to develop a concept plan for the QEC indoor courts development.

*Advantages:*

- Resource and funding become available to focus on other capital projects
- No disruption to the community and users of QEC during the construction phase of the development

*Disadvantages:*

- QEC will continue to provide an insufficient level of community facilities and services for a growing population
- Increasing dissatisfaction from the residents/ratepayers of the district, especially the sporting groups that require indoor facilities and event organisers, due to inaction
- Reduced revenue opportunity for QLDC

22 This report recommends **Option 1** because it will support progress toward the required level of service for the Whakatipu basin, now and into the future, and as a premier sport and recreation hub for the Queenstown Lakes District. Improved facilities will also increase participation in events and activities by both residents and visitors, thereby increasing social connectedness/social wellbeing and physical health.

23 If there is a positive market response to the procurement methodology of the concept design phase, an adjustment to the current investment timing will need to be reviewed and reported back to Council.

### Consultation Process | Hātepe Matapaki

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#### **Significance and Engagement | Te Whakamahi i kā Whakaaro Hiraka**

23. This matter is of high significance, as determined by reference to the Council's Significance and Engagement Policy 2024 because the value of the project is significant and affects a wide range of visitors and residents across the Queenstown Lakes District.

24. The persons who are affected by or interested in this matter are the residents/ratepayers of the Queenstown Lakes district, recreation and sporting clubs and event organisers.

25. The Council has consulted through both Annual Plan and the 2018-2028, 2021-2031 and 2024-2034 LTP processes. Further engagement with key sporting organisations and event organisers will be completed throughout the concept design process.

#### **Māori Consultation | Iwi Rūnaka**

26. The Council consulted on the QEC development plan in 2018-2020 but further consultation will be required with iwi throughout the design process for the QEC indoor courts development component.

#### **Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka**

27. This matter relates to the Community & Wellbeing risk category. It is associated with RISK10005 Ineffective planning for community services or facilities within the QLDC Risk Register. This risk has been assessed as having a high residual risk rating.

28. The approval of the recommended option will allow Council to implement additional controls for this risk. This will be achieved by providing a multi-use facility that provides a wide range of community services for now and into the future.

#### **Financial Implications | Kā Riteka ā-Pūtea**

29 The QEC indoor courts development was approved in the LTP 2024-2034 on 19 September 2024. Uninflated budgets are allocated as per Table 2.

*Table 2*

2024/25	2025/26	2026/27	2027/28	2028/29
\$250,000	\$770,000	\$4,189,000	\$20,183,000	\$20,621,000
Planning Phase	Design Phase	Design/Construction	Construction Phase	Construction Phase

#### **Council Effects and Views | Kā Whakaaweawe me kā Tirohaka a te Kaunihera**

30. The following Council policies, strategies and bylaws were considered:

- Vision Beyond 2050: Our Strategic Framework | Queenstown Lakes District Council
- QLDC – CODC Sub-Regional Recreation & Sport Facilities Strategy 2020
- QLDC Community Facility Strategy 2022



- QLDC 30 Year Infrastructure Strategy 2024-20234
- QLDC Disability Policy

31. This matter is included in the LTP 2024-2034 and 30 Year Infrastructure Strategy.

### Local Government Act 2002 Purpose Provisions | Te Whakatureture 2002 o te Kāwanataka ā-Kiaka

32. Section 10 of the Local Government Act 2002 states the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. This project will enable a wide range of recreation and sport activities to occur along with an increase in events both economic and community. As such, the recommendation in this report is appropriate and within the ambit of Section 10 of the Act.

33. The recommended option:

- Can be implemented through current funding under the Long Term Plan and Annual Plan;
- Is consistent with the Council's plans and policies; and
- Would not significantly alter the intended level of service provision for any significant activity undertaken by or on behalf of the Council or transfer the ownership or control of a strategic asset to or from the Council.