



Report to: General Committee

Meeting Date: March 21, 2016

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**SUBJECT:** Markham Tennis Clubhouse Reconstruction

**PREPARED BY:** Sameem Shah, Facility Asset Coordinator, Ext. 6190  
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Jonathan Tate, Senior Business Analyst, Ext. 2432  
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**RECOMMENDATION:**

- 1) THAT the report "Markham Tennis Clubhouse Reconstruction" be received; and
- 2) THAT Council approve reconstruction of the Markham Tennis Clubhouse to a maximum cost of \$150,000; and
- 3) THAT the reconstruction cost be equally shared by the City and Markham Tennis Club, with maximum contribution of \$75,000 from the Markham Tennis Club; and
- 4) THAT the City provide an interest free loan to the Markham Tennis Club equivalent to 50% of the reconstruction cost to a maximum amount of \$75,000 to be paid back in 20 years with no interest; and
- 5) THAT the Markham Tennis Club commence repayment of the loan in May 1, 2017, the first year the clubhouse will be ready for use; and
- 6) THAT Council authorize the Mayor and Clerk to execute an agreement with the Club in a form satisfactory to the City Solicitor and Chief Administrative Officer for the repayment related to the reconstruction of the clubhouse;
- 7) AND THAT Staff be authorized and directed to do all things necessary to give effect to this resolution.

**PURPOSE:**

The purpose of this report is to obtain Council's approval to reconstruct the Markham Tennis Clubhouse and to provide a loan to the Markham Tennis Club ("Club") equivalent to 50% of the reconstruction cost to a maximum amount of \$75,000, to be repaid in 20 years with no interest.

**BACKGROUND:**

Markham Tennis Clubhouse (the Clubhouse), located in Reesor Park at 69 Wootten Way North in Markham, is an approximately 500 square feet building with an adjoining deck. The Clubhouse is believed to be built in 1968 and since then has been serving the members of the Markham Tennis Club (Club) and the surrounding community and schools. The Clubhouse is a City owned property that is leased back to the Markham Tennis Club (the Club), a community based club, for \$2/year.

In 2015, Asset Management staff completed a structural review of the Clubhouse. This review was performed by qualified structural engineers, and revealed severe structural deficiencies of the building and indicated that the building was not in compliance with Ontario Building Code. The building does not have a proper foundation system and the structural elements of the floor assembly have been exposed to moisture for a long time, resulting in settlement of the building, deterioration and sloping of floor structure.

**OPTIONS/ DISCUSSION:**

Due to the safety concerns, and per consultant's recommendation, Staff advised the Club to vacate the building at the completion of the 2015 tennis season. Staff investigated the cost of renovating the existing building to current building standard and/or replacement of the structure. Due to the numerous structural issues, Staff recommend that the existing clubhouse be demolished, and reconstructed. The estimated cost of demolition and replacing the existing building with a prefabricated building is \$150,000. The Club is in agreement with using a prefabricated structure.

Under Section 3.3 Construction or Renovation of Clubhouse & Decks in the approved Tennis Club Policy, it states that *"The cost for major construction or renovation of the club house will be shared equally by the Club and the City. The Club shall provide the City with a financing plan and a cash flow including fund raising that provides for the payment of the costs of construction prior to the City issuing tender documents..."*. The Policy also says that *"All costs associated with temporary washroom connections during construction will be borne by the City. Aesthetic improvement and deck costs will be fully borne by the Club."*

Section 3.2 (Construction of Tennis Courts) of the Policy states a 5 year payback term for tennis courts construction (which have a lifespan of 14 years and require resurfacing after 7 years). The Policy does not include a payback term for reconstruction of a clubhouse and this is the first time it is required for a clubhouse.

In September of 2015, the Club submitted a letter to the City (Attachment A) requesting a 20 year payback period with no interest, which translated to an annual payment of \$3,750 based on 50% share of \$150,000. Following that, Staff reviewed the Club's financial statements and developed a financial forecast for the next 20 years. The review identified that the Club would need to increase their revenues in order to sustain its operations, the regular court resurfacing costs and the loan repayment to the City.

Once the approval is received in March, Asset Management Staff will manage the reconstruction project with a target completion timeline of September of 2016 and the new clubhouse will be ready for use for 2017 tennis season. The City will provide the Club at no cost with a temporary washroom with hand washing facility and a trailer, so that the Club can continue its operation during the period of reconstruction.

**FINANCIAL CONSIDERATIONS AND TEMPLATE:**

The total cost of the new Clubhouse including design, demolition and construction is estimated at \$150,000, and will be funded from 2016 approved Capital budget "Markham Tennis Clubhouse Reconstruction". As per the Tennis Club Policy, the actual cost will

be equally shared between the City and the Club. The City has agreed to upfront the Club's maximum share of \$75,000. Repayment of the \$75,000 will be in the form of an interest free loan, to be paid by the Club over 20 years from 2017-2036 (\$3,750/year). The actual annual payment amount is subject to change pending actual construction cost at project completion.

The Club recognizes the need to increase revenues in order to maintain its current operations, regular court resurfacing and court rebuilding requirements and loan repayments to the City. Revenue increases could be done through one or a combination of the following: 1) price increase, and/or 2) volume increase, and/or 3) special levy.

The Markham Tennis Club has agreed to increase revenues over the next 20 years using one or all of the recommended strategies. Based on the Club's agreement to increase revenues Staff support providing a loan to the Club.

**HUMAN RESOURCES CONSIDERATIONS**


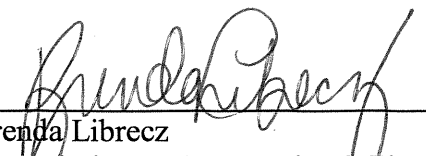
Not applicable.

**ALIGNMENT WITH STRATEGIC PRIORITIES:**

Reconstruction of the Clubhouse is required to ensure safe operation of Tennis Club activities and therefore aligns with Integrated Leisure Master Plan.

**BUSINESS UNITS CONSULTED AND AFFECTED:**

Recreation Services and Finance has been consulted in the preparation of this report.

**RECOMMENDED BY:**  
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Phoebe Fu  
Director, Asset Management  
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Mary Creighton  
Director, Recreation  
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Brenda Librecz  
Commissioner, Community & Fire Services**ATTACHMENTS:**

Attachment "A" – Letter of Request from Markham Tennis Club