



Report to: General Committee

Meeting Date: September 12, 2016

SUBJECT: Markham Tennis Clubhouse Reconstruction - Update

PREPARED BY: Sameem Shah, Facility Asset Coordinator, Ext. 6190
Renee England, Senior Manager, Facilities, Ext. 2674

RECOMMENDATION:

- 1) THAT the report "Markham Tennis Clubhouse Reconstruction - Update" be received; and
- 2) THAT Council approve reconstruction of the Markham Tennis Clubhouse to a maximum cost of \$225,000 (increase from \$150,000 to \$225,000); and
- 3) THAT the 2016 capital project #16195 "Markham Tennis Club Reconstruction" be increased by \$75,000 from \$150,000 to \$225,000 to be funded from the Lifecycle Replacement and Capital Reserve Fund; and
- 4) THAT the reconstruction cost be equally shared by the City and Markham Tennis Club, with maximum contribution of \$112,500 from the Markham Tennis Club (increase from \$75,000 to \$112,500); and
- 5) 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 \$112,500 to be paid back in 30 years with no interest (pay back from 20 years to 30 years); and
- 6) THAT the Markham Tennis Club commence repayment of the loan in July 1, 2017, the first year the clubhouse will be ready for use, and in the event the clubhouse is not ready by that time, the repayment will commence 2 months after its completion; and
- 7) THAT reconstruction of the Tennis Clubhouse not be subject to site plan approval as it is a replacement building; and
- 8) 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;
- 9) 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 increase a loan to the Markham Tennis Club ("Club") equivalent to 50% of the reconstruction cost to a maximum amount of \$112,500, to be repaid in 30 years (previously loan of \$75,000 over

20 years) with no interest due to a larger clubhouse from 500 square feet to 936 square feet.

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 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. Due to the safety concerns, the Club has vacated the building at the completion of the 2015 tennis season. Staff recommends that the existing clubhouse be demolished, and reconstructed.

In March, 2016, Council approved the reconstruction of a 500 square foot clubhouse with the estimated cost of demolition and replacing the existing building of \$150,000 with the following resolutions:

- THAT Council approve reconstruction of the Markham Tennis Clubhouse to a maximum cost of \$150,000; and
- 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;
- 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
- THAT the Markham Tennis Club commences repayment of the loan in May 1, 2017, the first year the clubhouse will be ready for use.

OPTIONS/ DISCUSSION:

City staff initiated the detailed design of the club house in the summer of 2016 and was informed by the Tennis Club Board that the 500 square feet clubhouse is insufficient for their needs and will limit their opportunities for income generation. The Board requires a larger facility of 936 square feet that would include:

- One accessible washroom
- One additional washroom
- Storage space
- Common area

Staff worked with the Tennis Club Board throughout the summer to evaluate:

- Opportunities to decrease club house size
- Alternative project management delivery method (i.e. Board constructs the clubhouse)
- More economical option from a prefabricated building supplier

The estimated cost of demolition, design and contract administration, replacing the existing building with a prefabricated building, and temporary accommodations for the 2016 and 2017 season is \$225,000.

Through the consultation, the Board confirms that a 936 square foot club house is required and on July 19, 2016 submitted a letter to the Commissioner, Community and Fire Services to not proceed with the 500 square foot clubhouse reconstruction (Attachment A). Further, the Board issued a letter on August 19, 2016 requesting the City to construct a 936 square foot building (Attachment B) with a 30 year payback period with no interest, which translated to an annual payment of \$3,750 based on 50% share of \$225,000.

Through the staff's financial review, 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. Based on input from Development Services Commission, the reconstruction of the Tennis clubhouse should not be subject to site plan approval as it is a replacement building within a city park.

Once the approval is received in September, Asset Management Staff will manage the reconstruction project with a target completion timeline of June of 2017 and the new clubhouse will be ready for use for the remainder of 2017 tennis season. The Club can continue its operation from a temporary trailer until the new clubhouse is completed.

FINANCIAL CONSIDERATIONS AND TEMPLATE:

On March 22, 2016, Council approved the reconstruction of the Markham Tennis Clubhouse to a maximum of \$150,000, to be shared equally between the City and the Club as per the Tennis Club Policy. The cost of the newly proposed 936 square foot clubhouse including design, demolition and construction is estimated at \$225,000.

The new clubhouse will be funded from the existing capital project #16195 "Markham Tennis Club Reconstruction" in the amount of \$150,000 and the additional \$75,000 will be funded from the Life Cycle Replacement and Capital Reserve. The City will upfront the Club's portion of \$112,500 subject to a repayment plan with the Club.

Repayment of the \$112,500 will be in the form of an interest free loan, to be paid by the Club over 30 years from 2017-2046 (\$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 30 years using one or all of the strategies noted above. Based on the Club's agreement to increase revenues Staff support providing a loan to the Club.

HUMAN RESOURCES CONSIDERATIONS

Not applicable.

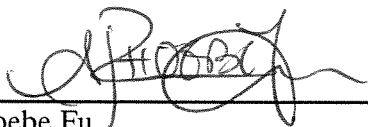
ALIGNMENT WITH STRATEGIC PRIORITIES:

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:

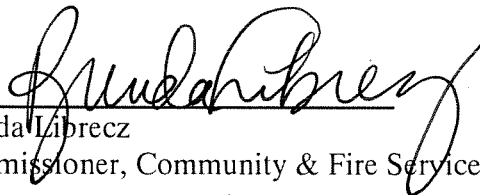
Recreation Services and Finance has been consulted in the preparation of this report.

RECOMMENDED BY:



Phoebe Fu

Director, Asset Management



Brenda Librecz

Commissioner, Community & Fire Services

ATTACHMENTS:

Attachment "A" – Letter of Termination (500SF Building) from Markham Tennis Club

Attachment "B" – Letter of Request (936SF Building) from Markham Tennis Club

Attachment "A"

July 19, 2016

City of Markham

Commissioner, Community and Fire Services

101 Town Centre Blvd.

Markham, ON L3R 9W3

This letter is regarding the shed/clubhouse structure at the Markham Tennis Club located in Reesor Park at 69 Wooten Way North in Markham. That structure was built and funded solely by the membership of the Markham Tennis Club. At the General Committee meeting on March 21, 2016 a recommendation was passed with respect to the reconstruction of the structure. The Markham Tennis Club has decided not to proceed and participate with that recommendation as it will not meet the current and future needs of the Markham tennis community.

We continue to work with Councillors Rea and Hamilton and city staff from the Asset Management Group to develop a solution to fund and build a larger facility that will serve the community's recreation needs for many years to come,

A handwritten signature in black ink, appearing to read 'Don Hobson', with a stylized, cursive script.

Don Hobson

Director-Markham Tennis Club

55 Emeline Cr

Markham, ON

L3P 4G2

(905) 294-7257

dhobson@rogers.com

ATTACHMENT B

August 23, 2016

To: Brenda Librecz
Commissioner, Community & Fire Services
City of Markham

This letter is regarding the clubhouse at the Markham Tennis Club located in Reesor Par at 73 Wootten Way North in Markham.

The existing wood clubhouse, which is approximately 600 square feet, was built with no foundation at the direction of the Town of Markham back in 1968. It has served the members of the Markham Tennis Club and the surrounding community and schools very well for almost 50 years.

It was evident that with time, the structure had degraded and the Club executives decided to advise the City Asset Management department of the condition of the clubhouse, to determine if there were any potential safety concerns. Subsequently, a structural assessment was completed by the City in July, 2015, the result of which was that the building was deemed "unsafe". The assessment also concluded that given the condition of the structure it would not be functionally viable to repair it and thus the recommendation was to demolish and replace the structure.

The general specifications for the replacement structure would be a minimum of 936 sq. Ft. Metal pre-fabricated building with one accessible washroom, one universal washroom, and kitchenette and storage room. The current estimated cost of the project from demolition to replacement with a fully pre-fabricated building is approximately \$225,000. The Club agrees to equally share the actual project cost at completion, whether or not it is more or less than the estimated cost, in accordance with the Tennis Club Policy. We look forward to working with the City to develop the detailed specifications as the project proceeds.

The Club proposes to pay its equal share (50% of the total cost at a maximum of \$3,750 per year. With reference to the estimated cost of \$225,000, the Club will pay its share over a period of 30 years. This payback/amortization period could be more or less depending on the actual project cost at completion.

We believe that this 30 year payback time frame represents a financially viable and realistic payback period for a building that will likely continue to serve the community for the next 75 years.

It is our hope that you will approve our request as indicated in this letter. We thank you for your consideration of this request and we look forward to your response.

Don Hobson
Markham Tennis Club Director