



CRUISING YACHT CLUB OF AUSTRALIA

Home of the Rolex Sydney Hobart Yacht Race

Report to Members on behalf of the Board about Redevelopment

October 2016

The Board

- John Markos (Commodore)
- Paul Billingham (Vice Commodore)
- Noel Cornish (Rear Commodore)
- Arthur Lane (Rear Commodore)
- Janey Treleaven (Treasurer)
- Leander Klohs (Director)
- Tony Kirby (Director)
- Arthur Psaltis (Director)
- Sam Haynes (Director)

Acknowledgements

Current Redevelopment Committee:

Chair

- Paul Billingham (Vice Commodore)

Members

- Arthur Lane (Rear Commodore)
- Janey Treleaven (Treasurer)
- Leander Klohs (Director)

Attendees

- Rhonda Carr (Architect - ex officio)
- Karen Grega (CEO - ex officio)

Past Members of the Redevelopment Committee (from 2008 to 2016)

- Andrew Wenham
- Barry Munns
- Geoff Bonus
- John Cameron
- Matt Allen
- Michael Thackray
- Nick Kingsmill
- Noel Cornish
- Paul Clitheroe (Immediate past Chairman)
- Tony Kirby

Onshore Special Edition No. 1 - CYCA 2020 – Meeting the needs of Members



Welcome to the first in a series of regular updates that will come to Members via Onshore and the website on the Club's redevelopment and refurbishment program.

This first update sets out the decision making process of both the current and former Boards which lead to it sharing plans with Members earlier this year to refurbish the Clubhouse and existing Annex building – and to bring Members up to speed on why this was the preferred option.

The next steps we will be taking over the summer to bring the plans to life are also outlined.

What's happened so far?

Looking back, in 2008 the Club secured development approval to build an extension to D arm, fill in the former slipway for extra car parking and build the concrete apron you see today – the hardstand. This work has been largely completed and, once the final fire suppression upgrade work is undertaken – hopefully this side of Christmas - the Club will then secure a new long term lease of the marina.

But what next?

The next part of the 2008 DA provides for the building of a basement and above ground car park for a total of 95 cars (we currently have spaces for 69); to demolish the current annex building and build a new, larger space at the d'albora Marina end of the car park – some 1500 sq/ metres of class rooms, marina services, retail and offices.

By comparison, the current annex has just 424 sq/m of internal space.

So on paper, carrying on with the 2008 DA is a “no brainer” - but there are some complications!

- The 2008 DA does not include any works at all on the current clubhouse or deck area. The last fit out is some 17 years old, and as our Members tell us often, is getting tired and inefficient (typically club fits outs are good for 10 years).
- The basement car park and new annex are expensive – based on Quantity Surveyor figures of 2013, escalated by a modest 8% per annum to 30 June 2016, we estimate that to complete the DA in today's money, will cost at least \$18m.
- The new annex may potentially generate income from retail operations - but not really enough to make a difference.

The biggest issue is however funding.

At the end of Fy2017 the Club will have about \$7m in the bank and is forecast to make a small profit – circa \$150k.

Each year the Club generates around \$1m of cash on a current trading basis (the difference between cash generated and profit is achieved mainly when you add back depreciation).

So, as you can see, if we press ahead with the 2008 DA, it will use up all of that cash and require us to source at least a further \$11m to build it

As things stand at present, we don't see this as the best option available to us.

The Board is also very concerned that if all of the Club's money is allocated to completing the 2008 DA, then there will be no ability to improve the clubhouse in coming years – potentially for a decade at least

Options

Having come to this conclusion the Board then looked at a number of alternate solutions.

These included:

- redesigning the new annex plans and bringing it down to 895sq/metres of space – just over double the current annex size;
- building the new annex with elements of the basement car park that could be added to later; and
- developing a temporary (albeit probably a 10 year solution) that allows the Clubhouse to be remodelled and makes the best use of available buildings.

The Board has updated all of the available costings from its Quantity Surveyors and the following table neatly summarises the options. **Note the options exclude the cost of any work on the Club House itself:**

Summary of Board considered options (estimates as at 30 June 2016)			
	Interior space Sq/metres	Total car spots	Cost (exc GST) \$
Option 1 - 2008 DA without variation	1,500	95	18,175,000
Option 2 - new annex and 647sqm basement used for storage, no new parking spots as access ramp not built	895	69	7,535,000
Option 3 - new annex, 1137sqm basement, 25 new parking spots	895	94	9,430,000
Option 4 - new annex, 1376sqm basement, 40 new parking spots	895	109	10,500,000
Option 5 - new annex, 2090sqm basement, 64 new parking spaces	895	133	12,580,000
Option 6 - new annex only, no basement, no new parking spots	895	69	3,670,000
Option 7 - refurbish current annex as per the plans circulated to members in March 2016	424	69	1,680,000

Notes:

- Options 2 to 6 will require a Section 96 modification application
- The new annex will be at the D'albora end of the site

The Club House

In March 2016, the Board circulated for Member feedback its ideas for redeveloping the interior of the Clubhouse (and existing annex).

Following the feedback from Members and local residents who attended the four information sessions that were held, a number of minor changes were made to those ideas.

The Quantity Surveyor has estimated the cost of the proposed Clubhouse works (excluding the annex) is between \$6m and \$7m (mainly this depends on the quality of the finishes). In addition, we need to budget for the resurfacing of the car park on completion, professional fees, council fees, contingencies etc.

Board's decision

So, as you can see, your Board has a conundrum:

- Does it seek to raise substantial funds to deliver all or part of the 2008 DA?
- What are the risks of doing so in this economic environment?
- How long will a Section 96 take to get through, what conditions will be imposed?
- What about the Clubhouse – will it give adequate service for another 10 years or so, while cash reserves are rebuilt?
- Is spending something in the region of \$200k per additional parking space really a good use of Club funds at this time?

In May 2016 the Board considered the member feedback and the above options and decided the following:

- **The existing 2008 DA should be preserved** – it has been activated by the works undertaken to date and there is no deadline to complete the rest of those works. The Club cannot however afford to undertake that work for the foreseeable (10 years) future in the absence of any alternative funding source.
- **The Clubhouse must become a priority** and the plans shared with Members in March 2016 represent a cost-effective solution to improve member facilities in the medium term.
- It is not an effective use of Members funds to partially build the basement car park for a relatively modest increase in parking spaces.
- **Option 7** represents the best value for money at this time and will facilitate the Clubhouse interior refurbishment

This decision was recently ratified by the new Board noting that:

- At this time the Board is not convinced that it should borrow significantly.
- Alternate funding sources (fund-raising initiatives, donation drive, increasing fees, grants) have been discussed in the past but are unlikely to yield significant amounts.
- Current projections show that the Club can potentially undertake this work from cash it expects to generate over the build period. If costs over-run however, the need to borrow should be minimal and can be serviced from trading.

So what's next?

The Development Application for the Clubhouse and Annex will go to Council in the next few weeks.

It may be tight, but much of the groundwork has been put into the application already and once the Club selects a main contractor, the Board hopes that work will start on the annex in autumn 2017 and be completed by spring of the same year.

The Board is then looking at the best way to complete the ground and first floor works in a way that minimises disruption.

The general idea is to keep the Club as unaffected as possible during the peak usage months of October to March, if possible.

There is of course much work to do in the planning, but this is our schedule for now.

I hope that this update is useful and timely for Members, as the Club embarks on the most significant refurbishment since 1998. It also hopefully goes some way to explaining the decision making process of your Board.

Members may not agree with the outcome, but your Board has worked tirelessly, and with the best available experts, to balance the immediate needs of the Members with the long-term future of the Club.

The Board is confident this is the best solution at this time.

Our collective vision is that by the start of the 75th Rolex Sydney Hobart Yacht Race on 26 December 2019, we will have a Club and a clubhouse that is refreshed, innovative, exciting, sits comfortably in its environment and most importantly, delivers quality facilities and services that matches our global reputation for sailing excellence.

A handwritten signature in black ink, appearing to read "Karen Grega".

Karen Grega
CEO