

# PROJECT, OPERATIONAL AND GOVERNANCE DETAILS

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## PROJECT TIMEFRAMES

➤ HCC Funding confirmation	December 2017
➤ Concept design	March 2018
➤ Preliminary design	June 2018
➤ Developed design	October 2018
➤ Detailed design	February 2019
➤ Building consent issued	April 2019
➤ Construction complete	April 2020
➤ Soft fitout	June 2021
➤ OPENING	July 2021

## PROJECT COSTS

<u>Cost Centre</u>	<u>Amount</u>	<u>% Total</u>
Build cost**	\$37,630,000	52%
Theatre fitout and equipment	\$12,975,000	18%
Consultants, fees and levies	\$9,825,000	13%
Contingencies	\$12,450,000	17%
TOTAL	\$72,880,000	100%

\*\*Based on ASB Waterfront Theatre, Auckland

## BREAKDOWN OF FUNDING SOURCES

The target funding requirement of \$73 million is made up as follows:

- Local councils                      \$30m
- Community                            \$30m
- Central Government                \$13m

## GOVERNANCE STRUCTURE

Following a thorough consultation with a cross-section of the Waikato professional community, Momentum Waikato Community Foundation evaluated the possible governance structures. The conclusion was that a Waikato Regional Property Trust (WRPT) will be established to own and maintain the Waikato Regional Theatre (WRT) asset.

Members of the WRPT will be appointed by a panel of key Waikato Stakeholders and would consist of trustees with experience in asset management. The trustees' responsibility would be to maintain the WRT asset at an agreed standard into the future. The key stakeholders would be expected to report annually.

A Waikato Regional Theatre Operating Company (WRTOC) will be established to run the theatre operations. The WRPT will have ownership of the WRTOC, which will be made up of community-minded directors with commercial experience and acumen, as well as a passion for the creative sector.

The WRTOC directors will be appointed by a panel, in the same vein as the WRPT. The WRTOC will have the responsibility of running the theatre operations with a balance of commercial and community outcomes, in a manner which reflects the Waikato community. The theatre operations will be supported by community and commercial sponsorship.

#### BUSINESS MODEL

The business model was prepared by Deloitte. The basis for preparation was to benchmark against other community theatres around New Zealand. References were also taken from H3's data from Founders Theatre while it was open and events of a similar nature held at Claudelands. On this basis, the WRTOC business model represents a theatre for hire with the following characteristics:

- Revenues will be taken from venue and equipment hire, ticketing, merchandise and food and beverage;
- Food and beverage will be operated separately, with commission paid to the WRTOC. This will enable the WRTOC to focus on theatre operations, rather than managing food and beverage;
- A discount will be applied to venue hire for community use.

The objective is to create a theatre which proactively implements creative performances and conducts business on a risk-reward basis.

The WRPT would lease the building to the WRTOC for one dollar per annum.

The WRPT would look to the local councils for on-going funding in order to maintain the asset at the agreed standard, through a robust maintenance and renewal programme. This is intended to be the limitation of the ongoing local council funding requirement. Where the WRPT looks to improve the asset beyond the agreed standard, this funding would come from the community.

The business case will be altered accordingly, as the design concept details such as the schedule of accommodation and other design elements that could affect the operations of the theatre are confirmed.

#### HOW WE GOT HERE

We are the fourth largest city in the country and we have outgrown our theatre. Even before Founders Theatre was closed due to safety concerns, some major touring shows were bypassing Hamilton as we were unable to provide the facilities they needed. The public areas needed improvement to be bought up to a standard that patrons expected.

In March 2016 Hamilton City Council closed Founders Theatre due to health and safety concerns following independent assessment. The fly system was old, with obsolete, outdated technology that meant it could no longer carry heavy loads for productions. No amount of investment would extend its life further.

The theatre was closed indefinitely when a Detailed Seismic Report deemed the theatre needed a significant amount of strengthening work to bring it up to current building standards. Although the theatre could remain open while plans were being made for strengthening, the other safety issues could not be overlooked and drove the closure decision.

In subsequent months, during several rounds of community consultation and public surveys, the message from stakeholders, user groups and residents was clear – “We need a theatre!”

Feedback through public consultation in July and August 2016, initially favored the option to ‘Refurbish’ (49%) with ‘Build New’ (34%). However, a secondary question was asked of those that opted for ‘Refurbish’ as to whether they would consider ‘Build New’ with a fixed cap of \$30 million on the Council’s contribution.

There was a significant shift in the response with 23% of the respondents changing from ‘Refurbish’ to ‘Build New’. In summary, based on \$30 million cap on Council spend, 58% of the community would prefer a newly built theatre, compared to 26% who wish to retain and refurbish Founders Theatre.

Residents, user groups and stakeholders told us they want a new theatre, if the city contribution can be capped at \$30 million.

In July 2016, backed by generous individuals and organisations Momentum Waikato approached Hamilton City Council with a proposal - a partnership of public and private funds with Momentum Waikato convening \$25 million of donor funds towards the creation of a new theatre, contingent on Council underwriting \$30 million towards a new build. The proposal also included Momentum Waikato managing a robust process to enable a new theatre project, to have the greatest opportunity to succeed.

Hamilton City Council agreed, and Momentum Waikato took responsibility for project delivery of a world-class theatre, leveraging Council's planned expenditure to build a truly iconic place as a home for the community's artistic expression.