

Option 3

Theatre Royal Project (No Heritage Facility)



Retain stage house and back of house changing rooms and refurbish and redevelop a basic back of house support service facility for the Theatre Royal only. Redevelop the rest of the site to retain parking and truck lane, landscape the remaining site area and retain the Criterion Hotel. There would be no new Heritage Facility with this option.

In General

This is not a choice for Council but a request to show the community what would be available as an option if the budget remained at \$40M. This does not satisfy a large proportion of the scope from earlier consultations, but in general the Theatre Royal is entirely refurbished and the surrounding areas landscaped. The Criterion Hotel would remain until a further decision was made on the future of this building. Some requirements of the stakeholders are met for the Theatre Royal only within this design but not at all for the South Canterbury Museum. The Heritage Facility would not be built with this option. Progression of this option would mean that redesign works would be required to get this up to Preliminary Design level.

There would be a high certainty that there would be a loss of the Ministry of Business, Innovation and Employment (MBIE) grant through the Provincial Growth Fund of \$11.6M. The funds were granted for a combined redevelopment of the Theatre Royal and new build of a Heritage Facility. The Timaru Community would possibly be funding 100% of this option.

Return Brief Report - https://www.timaru.govt.nz/_data/assets/pdf_file/0018/561510/201204-Timaru-TR-and-HF-Return-Brief-Report.pdf

Scope and Functionality

Theatre Royal - As the existing changing facilities and stage house are retained under this option, there is no ability to extend the depth of the stage. However, under this option, the existing Theatre is strengthened, the stage itself replaced and made level, and theatre systems are to be upgraded. Back of house changing facilities would be refurbished to a modern standard providing updated functional changes to the operational requirements of theatre. These Back of House Facilities would also be extended into a new section of the building incorporating a new scene dock and paired back Loading Dock (external covered dock). The extent of new facilities would be limited with this

option, and the existing amenities block to the north of the Theatre would be retained in their current configuration with a light refurbishment only.

Criterion Hotel and Landscaping – It would need to be reviewed as to whether the Criterion Hotel demolition would be achievable as part of this option and landscaping to the north of the Theatre would largely be limited to lawn.



Heritage

Heritage NZ would be amenable to the refurbishment of the entire Theatre Royal and are likely to support a resource consent for this work as the heritage fabric would be retained.

Resource Consent

The Theatre Royal building is listed as a Historic Place Category 2, with Heritage New Zealand and is listed as a Category B building under the Operative Timaru District Plan. As such, any alterations and additions to the building must be addressed through the resource consent process. As part of this process a detailed assessment of the effects of the proposal on the fabric of the heritage building must be carried out and written approval will be sought from Heritage New Zealand. This option would still require a Resource Consent and the project team have secured the services of an independent planner to work with whatever option is determined through the consulting process.

Key Risks

1. There are fewer programme implications associated with applying for a resource consent for this Option given it is likely supported by Heritage NZ, therefore are risks in any resource consent process, but to a lesser level than Option 1.
2. This option would require the Preliminary Design to be completed again and the works would need to be staged depending on available budget. The demolition of the Criterion Hotel, landscaping and other works would be largely dependent on budget availability.
3. The Heritage Facility would require redesign if this were to be constructed in the future, services and amenities would likely be standalone leading to a higher initial outlay for the Heritage Facility.
4. There is a high certainty of the loss of Ministry of Business, Innovation and Employment (MBIE) funding for this option, the funds were granted as part of a provincial growth fund application for the development of both the Theatre Royal and the new build of a Heritage Facility as a combined project.

Programme

A high-level programme has been developed for this Option, noting that additional design time would be required for this Option.

Confirmation of the Design and signing of Stage 1B Design	6 Dec 2022 – Feb 2023
Preliminary, Developed and Detailed Design + Consenting	Feb 2023 – May 2024
Main Works Construction	May 2024 – Q3 2025

Note - the above dates are approximate guides only and assume approval of a Design at the Council Meeting in December 2022.

Budget and Financial Implications

Option 3 – Project Budget Estimate of \$40M

Proceeding with this preferred option would not be consistent with the key deliverables in the Funding Agreement with MBIE and \$11.6M of funding for this project would be lost. Noting that the \$40M does not include costs to date or any MBIE funding contribution.

Rates impact:

	Option 3
Rate increase per year 2023-2031 before Theatre Royal increases	4.90%
Rate increase per year relating to Theatre Royal	0.68%
Rate increase per year required from 2023-2031	5.58%
Approximate increase to average residential property for this option, occurring progressively over the period of 2022/23 onwards, across the remaining life of the LTP 2023 - 2031.	\$17.10 per annum

Assuming our current assumptions on interest rates, inflation and rating base growth, and that this is funded from the general rate, the approximate increase to the average residential property for the additional \$40 million would be \$17.10 per annum in today's dollars, based on a 0.68% rates requirement increase. This increase would occur progressively over the period from 2023/24 onwards, across the remaining life of the LTP.

Net Debt to Revenue

The table below shows that while Council currently has a debt to revenue ratio of 2.1, this will need to be increased to 2.3 for Council to be within its self-imposed debt cap. Presently, the peak requirement to increase debt to 2.3 occurs in year 2026 of the LTP, however various changes within the program of works could bring this requirement further forward. A financial strategy change to accommodate both the rates increase and debt cap increase would be required should this option proceed.

Debt Headroom:

The LTP had Council's self-imposed debt cap at a ratio of 2.1 for its debt to revenue cap. This was therefore maintaining a debt headroom of 0.7. The table below shows the impact on our debt headroom when increasing the total cost of the project to \$40 million over the remaining period of the LTP and incurring the extra debt associated with the cost increases.

Option	LTP Limit Set (Ratio)	LGFA Covenant (Ratio)	Peak Requirement (Ratio)	Headroom at Peak (Ratio)	Headroom at Peak (\$'000)
Option 3	2.1	2.8	2.30	0.50	60,807

The below image shows the potential Floor Plan associated with Option 3, showing the retention of the existing Back of House Facilities and Amenities area, but including the extension of the Back of House Facilities and Scene Dock and a paired back Loading Dock and truck access (as noted below).

1. The Amenities and Back of House areas are as per the original floor plate of the Theatre Royal and will be retained and lightly retained.
2. New changing facilities across three levels will be provided along with a scene dock as shown in yellow.
3. The area highlighted in blue shows the new loading dock, which would consist of external with walls and a lightweight canopy.
4. The area highlighted in red shows the Criterion Hotel retained.
5. The rest of the area will be landscaped, and the truck lane will be completed but car parking will only be completed if funds allow.

The area outlined in green depicts the surface levels, which will be split into two zones due to the existing conditions.

