



COUNCIL BUDGET / ANNUAL PLAN MEETING

Commencing at 9.00am

on

Tuesday 14 March 2017

**Council Chamber
District Council Building
2 King George Place
Timaru**

TIMARU DISTRICT COUNCIL

Notice is hereby given that a meeting of the Timaru District Council to consider the 1 July 2017 to 30 June 2018 Budget and Annual Plan, will be held in the Council Chamber, District Council Building, 2 King George Place, Timaru on Tuesday 14 March 2017 at 9.00am.

Please bring your draft budget book to the meeting

LOCAL AUTHORITIES (MEMBERS' INTERESTS) ACT 1968

Councillors are reminded that if you have a pecuniary interest in any item on the agenda, then you must declare this interest and refrain from discussing or voting on this item, and are advised to withdraw from the meeting table.

Bede Carran
CHIEF EXECUTIVE

TIMARU DISTRICT COUNCIL
BUDGET / ANNUAL PLAN MEETING

14 MARCH 2017

AGENDA

Item No	Page No	
1		Opening Prayer – Sue Dickson, St Johns Anglican Church
2		Apologies
3		Declaration of Conflicts of Interest
4	1	Proposed Annual Plan and Budget for the Period 1 July 2017 to 30 June 2018
5	11	Aoraki Development – Draft 2017/18 Statement of Intent
6	21	Theatre Royal

TIMARU DISTRICT COUNCIL
FOR THE BUDGET/ANNUAL PLAN MEETING OF 14 MARCH 2017

Report for Agenda Item No 4

Prepared by **Tina Rogers**
 Group Manager Corporate Services

Mark Low
 Corporate Planning Manager

Proposed Annual Plan and Budget for the Period 1 July 2017 to 30 June 2018

Purpose of Report

- 1 The purpose of this report is to present the proposed annual plan, draft budget and fees and charges (budget document circulated separately).

Background

- 2 The draft budget document varies from the budget that has been presented previously in the Long Term Plan (LTP) 2015-2025. The Local Government Act 2002 Section 95 (5) states:

“The purpose of an annual plan is to—

- (a) contain the proposed annual budget and funding impact statement for the year to which the annual plan relates; and*
- (b) identify any variation from the financial statements and funding impact statement included in the local authority's long-term plan in respect of the year; and*
- (c) provide integrated decision-making and co-ordination of the resources of the local authority; and*
- (d) contribute to the accountability of the local authority to the community.”*

- 3 Council is required to prepare an Annual Plan for the 2017/18 year. This is founded on year three of the 2015-2025 LTP which was adopted by Council in June 2015. The next Long Term Plan is due for preparation for the ten years beginning 1 July 2018.

Proposed Annual Plan 2017/18 Overview

- 4 This budget is based on the LTP but reflects changes that have occurred since its adoption in June 2015. These include reprioritisation of some capital expenditure projects, the impact of new roading contracts and some new projects.

Major Projects

- 5 Significant projects planned in 2017/18 that we previously highlighted in year three of the 2015-25 LTP are:
- Over \$18m of water network asset renewals and upgrades including Te Ngawai pipeline and infiltration gallery renewal for the Downlands water scheme, Pareora pipeline partial renewal, Seadown water storage and Te Moana treatment upgrades.
 - Over \$11 million of roading asset renewals and upgrades including completion of the CBD refresh project and Washdyke network improvements.
 - Ongoing upgrading of district parks and reserves, including playgrounds, park furniture and walkways at a cost of \$1.35 million.
 - Construction of storage facilities at the art gallery at a budgeted cost of \$500,000.
 - Timaru library roof replacement at a budgeted cost of \$708,700.
- 6 Some of these projects have been delayed from 2016/17 due to a variety of reasons including getting additional information to scope the projects and obtaining agreement from external parties. Further review of the timing of projects is currently being undertaken and will be presented at the meeting.
- 7 A new item that has been added since the 2015-25 LTP was adopted, is the replacement of the stage tower at the Theatre Royal. This is subject to a separate report and has been identified based on work that was commissioned as part of the 2015-25 LTP. The flying system is of concern due to its age. The flying system is unable to carry loads that are common with current performances and significant restrictions have been put in place to minimise health and safety risks until the replacement of the flying system and housing structure can be undertaken.
- 8 A new generator at Southern Trust Events Centre for \$40,000 has also been included to allow the facility to be used as a welfare centre in the event of an emergency.

Rates Impact

- 9 The proposed annual plan shows the 2017/18 increase of 2.77% including inflation. The LTP 2015-25 proposed a rate increase of 7.16% including inflation for the 2017/18 year. The total rate revenue for 2017/18 is \$3 million less than was forecast for the same year in the LTP. This is due to a number of reasons including ongoing expense reduction, inflation being lower than anticipated, ongoing strong fee revenue, low interest rates and some delays in some projects.
- 10 District wide rates are proposed to increase by 4.68%. Targeted rate increases include:
- Sewer charge remains unchanged at \$369
 - Urban water charge increases by \$10 to \$297
 - Aquatic Centre charge remains unchanged at \$109
 - Waste Management charge remains unchanged at \$279.
- 11 Due to the anticipated establishment of Fire and Emergency NZ (FENZ), rural fire fighting will no longer be the responsibility of the Council from 1 July 2017. The targeted rate for the rural fire service has been removed, but it is expected that the costs of the new service will result in other costs for the Council, such as increased fire levies through insurance. These expected new costs have been

incorporated into this budget at the same value as the previous rural fire rate. These costs will be met by all ratepayers, rather than just rural ratepayers.

- 12 Fees and charges for some Council services are proposed to increase to meet increased costs of some services and reflect required cost recovery. Fee schedules are included in the budget document. Many fees are unchanged from the 2016/17 year. New fees have been introduced for cemetery internments outside of normal operating hours.
- 13 As included in and agreed through the 2015-25 LTP process, the rate differentials are being amended over a three year period to increase the proportion of the general rate that is paid by the primary sector. Appendix A shows the impact of the rate changes on example properties.
- 14 Appendix B shows five projects that have been proposed and require additional funding but have not been included in the draft 2017/18 budget presented. Recommendations from Community Boards on these items will be presented at the meeting. These will require consideration by the Council.

Annual Plan Changes

- 15 Changes to the Local Government Act 2002 (LGA) in 2014 mean that the Council's approach to preparing and consulting on an Annual Plan has changed. These changes include:
 - There is no requirement to prepare information that duplicates the LTP content. As such, the Annual Plan is an exception based document and the Annual Plan 2017/18 content is reduced.
 - A Council is not required to prepare a "Draft Annual Plan" or Draft Annual Plan Summary.
 - Consultation on an Annual Plan is not required unless the differences to the LTP are 'significant' or 'material' or the Council chooses to. The Annual Plan is not required to go through a formal Special Consultative Procedure as previously carried out. If consultation is carried out, it must give effect to the consultation principles under the LGA (S82).
 - Where consultation occurs, a Consultation Document (CD) must be prepared. The focus of the CD can only be around the 'significant' and 'material' changes between the 2017/18 year in the LTP 2015-25 and the Annual Plan 2017/18.
- 16 The new Annual Plan process is not about re-litigating issues already decided in the LTP. It is effectively an exceptions document that contains the major differences from the LTP. Consultation, if required, focuses around these differences or anything else that the Council wishes to consult on.

2017/18 Annual Plan Approach

- 17 Based on our initial analysis, it is proposed that the Annual Plan will be consulted on, focused on the new Theatre Royal project. The Council will also take a notification and information sharing approach and general feedback will be sought. A Consultation Document is proposed to be prepared focused on this issue, and giving general information about the Annual Plan 2017/18 work programme similar to that completed last year. This is likely to include an overview of what the main projects are for the coming year, any new projects included, changes to what was included in Year Three of the LTP and the financial and rating impact.

- 18 Specific feedback will be sought relating to the Theatre Royal project, and general feedback will be sought, some of which may feed into the 2018-28 LTP process.
- 19 This will not represent a formal Special Consultative Procedure (SCP) as has occurred in the past, as this is not required. An opportunity will be provided for speaking to Council, with the format yet to be decided.
- 20 The Consultation Document will be included as part of a community newspaper, on the Council's website, made available from Council Service Centres/Libraries, and mailed out to stakeholders and interested parties. Other consultation tools will be used to promote the consultation as required.

Timetable

- 21 The approved timetable for the consideration and adoption of the 2017/18 Annual Plan is as follows:

6 - 8 March	Budget meetings of Community Boards
14 - 15 March	Council meets to consider Budget and proposed Annual Plan
4 April	Council adopts Consultation Document (if required)
13 April	Consultation opens
15 May	Consultation closes
To be determined	Council consideration of any feedback received
27 June	Council meeting to adopt Annual Plan and Rates Resolution.

Conclusion

- 22 The preliminary draft budget continues the implementation of the 2015–25 LTP work programme. It proposes an increase in the Council's rate requirement of 2.77% for 2017/18. Consultation is likely to be required, focused around the new Theatre Royal project.

Recommendations

That the Council:

- 1 Notes the proposed 2017/18 Draft Annual Plan and Budget.**
- 2 Considers any Community Board comments.**
- 3 Considers any changes in the timing of projects as presented at the meeting.**
- 4 Considers the additional proposal items included in Appendix B.**
- 5 Confirms the proposed consultation approach, including preparation of a Consultation Document focusing on the Theatre Royal project.**

Appendix A

RATE MOVEMENT FOR AVERAGE RESIDENTIAL PROPERTIES & INDICATIVE FARMING/COMMERCIAL PROPERTIES

(including GST at 15%)

		Residential							Timaru
		Geraldine	Pleasant Point	Temuka	Timaru	Farming	Farming	Farming	Commercial
Rate Type		\$	\$	\$	\$	\$	\$		\$
Average Land Value		128,000	110,000	80,000	110,100	365,400	1,400,000	3,654,000	317,800
General Charge/Aquatic centre		17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00
General - Rate Requirement		19.20	16.50	12.00	16.52	62.12	238.00	621.18	6.36
District W & S - Rate Requirement		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total District Wide Rate Movement		36.20	33.50	29.00	33.52	79.12	255.00	638.18	23.36
Community Bd Charge		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Community W & S - Rate Requirement		32.00	0.00	4.00	-1.10	0.00	0.00	0.00	-3.18
Rural Fire Protection Rate Requirement		0.00	0.00	0.00	0.00	-21.92	-84.00	-219.24	0
Waste Charge		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sewer Charge		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Water Charge		10.00	10.00	10.00	10.00	0.00	0.00	0.00	10.00
Total Rate Movement		78.20	43.50	43.00	42.41	57.19	171.00	418.94	30.18
2017/18		2,200.28	1,926.20	2,052.50	2,073.44	1,097.10	2,380.00	5,174.96	5,815.74
2016/17		2,122.08	1,882.70	2,009.50	2,031.03	1,039.90	2,209.00	4,756.02	5,785.56
Diff		78.20	43.50	43.00	42.41	57.19	171.00	418.94	30.18
% Increase		3.69%	2.31%	2.14%	2.09%	5.50%	7.74%	8.81%	0.52%
Note: the farming property does not include any service charges.									
UAGC/Aquatic Centre		644.00							

Appendix B

Proposal Report												
Proposal #:	1											
Description:	CBay Programme Room alterations											
Group:	Community Services											
Activity:	CBay											
Year Start:	1/07/2017											
Connected Proposal:	None											
Description:	Extension to Programme room at CBay, change of staff room and staff offices. For some time, load on our Programme Room and Group Fitness studio has been increasing. CBay Fitness has held 1000 members for over a year and our group fitness and recreation fitness classes have been at capacity. Currently we use the Programme room for some group fitness classes at peak times but due to size can only accommodate a max of ~20 people per class. Also the flooring is not ideal and so only low impact classes can be held. We also run recreational classes like AgeFit and BoxFit in the room. AgeFit in particular is in high demand with numbers regularly over 24 per class. Currently we utilise the outside area but this is weather dependant. We are restricted in adding extra classes both group fitness and recreation by the constraints of the Programme Room. The proposal is to extend the programme room through to where current staff room and staff offices are which would double it in size, install a more suitable floor for higher impact classes, install air conditioning to keep room at a suitable temperature for exercising, upgrade room for corporate hires (ie projector, IT etc), relocate staff room to the old Maori Park 50m rooms (currently unutilised but in need of upgrade) and shuffle staff offices around (which will also require some minor upgrading). Also covered walkway out to new staff room.											
Capital		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	
Account	Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
	Building alterations	140,000										140,000
Total Capital		140,000	-	-	-	-	-	-	-	-	-	140,000
Operating Expenditure												
Account	Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
	Depreciation		5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	50,400
Total Operating Expenditure		-	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	50,400
Funding												
Fixed Funding												
Account	Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
	Depreciation Fund	(140,000)										(140,000)
Variable Funding												
Account	Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
	User fees - increase through extra classes etc.		(5,600)	(5,600)	(5,600)	(5,600)	(5,600)	(5,600)	(5,600)	(5,600)	(5,600)	(50,400)
Total Funding		(140,000)	(5,600)	(5,600)	(5,600)	(5,600)	(5,600)	(5,600)	(5,600)	(5,600)	(5,600)	(190,400)
RATES		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Rate type	General rates	-	-	-	-	-	-	-	-	-	-	-

Proposal Report

Proposal #:	2											
Description:	Earthquake Prone Buildings identification & Swimming Pool Audits											
Group:	Environmental Services				Source:	Building Unit - Legislative change						
Activity:	Building				Management Priority:	High						
Year Start:	2017/18											
Connected Proposal:	None											
Description:	Due to Building Act amendments an increase of private swimming pool audits and a new requirement to identify EQP buildings will be required within the district as of 2017. 1 FTE (BCO) to carry out swimming pool audits, maintain a register and carry out enforcement duties. This position will be partly self funded. There is a fee of \$150 per inspection for the purposes of carrying out swimming pool inspections for this role.											
Capital		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	
Account	Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
												-
Total Capital		-	-	-	-	-	-	-	-	-	-	-
Operating Expenditure												
Account	Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
4020.300.300	Employee costs	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	800,000
												-
												-
Total Operating Expenditure		80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	800,000
Funding												
Fixed Funding												
Account	Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
												-
Variable Funding												
Account	Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
2020.105.077	Inspection fees	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(360,000)
Total Funding		(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(360,000)
RATES		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Rate type	General rates	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	440,000

Proposal Report												
Proposal #:	3											
Description:	Street Tree Replacement											
Group:	Roading											
Activity:	Roads / Streets Landscapes											
Year Start:	2017/18											
Connected Proposal:	None											
Description:	Request for increased funding to accelerate the implementation of the Council street tree policy providing funding for the removal of problem trees damaging road infrastructure and restricting utility services with replacement where appropriate with more suitable tree varieties.											
Capital		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	
Account	Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
												-
												-
Total Capital		-	-	-	-	-	-	-	-	-	-	-
Operating Expenditure												
Account	Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
3340.515.405	Street tree Policy implementation	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	300,000
												-
Total Operating Expenditure		30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	300,000
Funding												
Fixed Funding												
Account	Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
												-
Variable Funding												
Account	Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
												-
Total Funding		-	-	-	-	-	-	-	-	-	-	-
RATES		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Rate type	General rates	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	300,000

Proposal Report

Proposal #:	4											
Description:	Accelerated LED streetlight Renewals											
Group:	Roading					Source:	Staff					
Activity:	Street Lighting					Management Priority:						
Year Start:	2017/18											
Connected Proposal:	None											
Description:	It is proposed that the current programme of the renewal of street lights with LED be accelerated making use of special government funding allocation the will end in 2017/18. The replacements done to date have been very successful with a notable reduction in both energy consumption and maintenance costs. The return on investment is 7 years. This project would only proceed on confirmation of NZTA funding. Undertaking this work is expected to reduce the programme to replace all lights with LEDs from 9 years remaining to 6 years.											
Capital		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	
Account	Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
	LED Renewals	100,000										100,000
												-
Total Capital		100,000	-	-	-	-	-	-	-	-	-	100,000
Operating Expenditure												
Account	Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
												-
												-
Total Operating Expenditure		-	-	-	-	-	-	-	-	-	-	-
Funding												
Fixed Funding												
Account	Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
	Depreciation Fund	(47,000)										(47,000)
												-
Variable Funding												
Account	Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
1260.115.170	New Zealand Transport Agency	(53,000)										(53,000)
Total Funding		(100,000)	-	-	-	-	-	-	-	-	-	(100,000)
RATES		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Rate type	General rates	-	-	-	-	-	-	-	-	-	-	-

Proposal Report

Proposal #:	5											
Description:	Parking machine upgrade - EFTPOS											
Group:	Roading					Source:	Mayor request					
Activity:	Parking					Management Priority:	High					
Year Start:	2017/18											
Connected Proposal:	None											
Description:	Upgrade parking machines (pay & display and pay/park) to allow eftpos transactions. Most cost effective option is to replace machines with new model capable to eftpos (\$10k) as retrofit cost \$8k. Proposed to target high use car parks (Landing Services, Library & Bayhill existing) in 2017/18 and Cains terrace, Vero building & Barnard Street in 2018/19. Not planning to change two machines adjacent to Farmers Car park site as people can use the eftpos at Farmers carpark if required. Will compliment text parking initiatives that will be implemented in the coming months. Note: the parking fund is forecast to be in deficit.											
Capital		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	
Account	Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
7500.705.555	Pay and display machines	30,000	20,000									50,000
												-
Total Capital		30,000	20,000	-	-	-	-	-	-	-	-	50,000
Operating Expenditure												
Account	Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
3500.559.401	Carpark operations (fees)	1,800	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	28,800
												-
Total Operating Expenditure		1,800	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	28,800
Funding												
Fixed Funding												
Account	Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
												-
Variable Funding												
Account	Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
	Parking fund	(31,800)	(23,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(78,800)
Total Funding		(31,800)	(23,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(78,800)
RATES		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Rate type	General rates	-	-	-	-	-	-	-	-	-	-	-

TIMARU DISTRICT COUNCIL
FOR THE BUDGET/ANNUAL PLAN MEETING OF 14 MARCH 2017

Report for Agenda Item No 5

Prepared By Tina Rogers
Group Manager Corporate Services

Aoraki Development – Draft 2017/18 Statement of Intent

Purpose of the Report

- 1 The Aoraki Development draft Statement of Intent for 2017/18 is attached for Council's consideration.

Options

- 2 Council can
- approve the document as presented, or
 - recommend changes to the draft document.

Consultation

- 3 A workshop with councillors was held to provide more detail in regard to the figures and the proposed 2017/18 project.

Funding Implications

- 4 The proposed Aoraki Development budget for 2017/18 shows council operational funding that is consistent with the proposed TDC budget. It is proposed that projects be undertaken which will be funded from funds already held by the company.

Assessment of Significance

- 5 This matter is not deemed significant under the Council's Significance and Engagement Policy.

Conclusion

- 6 The draft Statement of Intent details the objectives and performance measures proposed by the company, along with the budget to achieve this.

Recommendation

That the Aoraki Development Ltd Statement of Intent 2017/18 be approved.

STATEMENT OF INTENT

2017 / 2018 2018 / 2019 2019/2020

VISION

Timaru District
"THE Place to Live & Do Business"

VALUES

LIFESTYLE
Fantastic & Sustainable
Second to None

ECONOMY
Thriving & innovative
Opportunities abound

IDENTITY
Strong & Enviably
Reputation

LEADERSHIP
Inspiring
People Focused

1. OBJECTIVES

Objective 1: To actively ATTRACT and ASSIST the establishment of NEW BUSINESS

- 1.1. Understand and Act on Barriers to Entry for New Business
 - Identify barriers to entry Net Promoter Score study (NPS)
 - Focus groups with new and existing businesses actioned.
- 1.2. Identify potential new business targets and understand capability to deliver to and accommodate
 - Identify areas of work / services / projects that will support and or attract the development of new businesses from targeted industries
- 1.3. Market business opportunities, services and infrastructure of the district (with TDC's promotion of District as a great place to live and work)
 - Business attraction and marketing campaign
 - Define target market (see introduction)
 - Website development
 - Collateral and content created / updated
 - Active social media campaign
 - Geographical target (three-year review)
 - Christchurch
 - Auckland

1.4. Establish clear ROE and close working relationship with TDC (and other relevant agencies)

- Key account management service
- Support and assistance provided through regulatory processes and start up / relocation stages
- Key members of TDC management team contacted

KPI's - # NEW Businesses Engaged (target 10 per quarter)
 - # NEW Businesses Established (target 10% conversion rate)

**Objective 2: ASSIST businesses to RETAIN and ATTRACT
a SKILLED WORKFORCE**

2.1. Coordinate workforce projects

- Retention
 - Development key work streams to assist businesses to retain existing staff
- Retain youth in the district
 - Work streams to co-ordinate and connect career and jobs with secondary schools
 - Coordination youth work streams connecting demand and supply including:
 - Strategic approach to career guidance vocational pathways (school – tertiary education – employment)
 - Work Inspiration Programmes support
- Increase participation in the workplace
 - Work stream aging workforce, caregivers, parents, solo parents
 - Pilot ageing workforce cluster programme (4-month initiative)
- Attracting skilled workers to the district
 - Campaigns run alongside business attraction campaigns / establish industry support
 - Geographical targets Christchurch and Auckland
- Sectors: Food / Agriculture / Logistics / Services / Technical / Professional Occupations

2.2. Be the effective conduit between Business and Providers

- Improving workplace productivity

2.3. Advocate / communicate workforce needs to providers i.e. schools/boards/careers advisors, Ara, Training Providers, Agencies etc.

- Create links between tertiary providers / agencies / schools / ITO's and industry (encourage apprenticeships)

2.4. Understand business workforce requirements, supporting businesses own workforce strategies

- Economic and industry projections
- Focus group within businesses identify needs
- Support businesses own Workforce PD Strategies

KPI's - Workforce Statistics. Positive Trends monitored & measured, including against other comparative districts
 - Annual survey completed. AD effectively supported businesses to retain and attract skilled workforce.

Objective 3: ENCOURAGING new OPPORTUNITIES and facilitating the GROWTH of EXISTING BUSINESSES

3.1 Identify new growth opportunities for existing businesses

- Scope and identify range of opportunities
- Commercial opportunities identified and facilitated
 - Technology access and Application fibre / 4G or 'other' enablers
 - Intercompany introductions
- Government growth opportunities identified and facilitated
 - e.g. Regional Research Institute
 - Tourism Growth Partnership
 - Primary Growth Partnership
 - Sprout
- Identification and facilitation to third party training and development opportunities
 - Training courses
 - Webinar
 - Tertiary Studies

3.2 Establish and harvest an active Support Network – "Drafting Gate"

- Maintain and build support network including but not limited to:
 - TDC
 - SC Chamber
 - Businesses
 - Service Providers
 - Training providers
- Facilitate inter-business introductions

3.3 Engage with and communicate "EDA Entity" Objectives and Services to all businesses

- Communication plan developed including: website, social media, guide to services (Showcasing Timaru District brochure)
- Economic quarterly data commissioned

KPI's - # NEW Businesses Engaged

- Annual survey completed. AD effectively supported businesses

In developing and enhancing Aoraki Development's (AD) strategies consultation and reference has been made to Timaru District Councils (TDC) long term plan and four-pronged values and the Government's Economic Growth Agenda.

Timaru District Council's Values (adopted by AD)

- Lifestyle - Fantastic, sustainable lifestyle second to none
- Economy - Thriving and innovative economy where opportunities abound
- Identity - Strong and enviable reputation and identity
- Leadership - Inspiring, people-focused leadership

Governments Economic Growth Agenda

1. It is businesses that drive economic growth and build a more successful economy with more jobs for Kiwis.
2. Growing competitive businesses creates jobs and increases exports to the world. Nothing creates sustainable, high-paying jobs and boosts our standard of living better than business confidence and growth.
3. There are six key inputs that businesses need to succeed and grow. By focusing on these inputs, we will ensure businesses have the opportunity to lead economic growth.
4. The Government's key areas in the Business Growth Agenda are:
 - Infrastructure
 - Export markets
 - Capital markets
 - Innovation
 - Skilled and safe workplaces
 - Natural resources

Aoraki Development & Promotions Ltd trading as Aoraki Development (AD) seeks to govern the organisation in a way that achieves the objectives stated and communicates with the Council in a timely and effective manner. Given the nature of the activities and the accepted role of similar organisations throughout the country, the performance is not measured in strictly commercial terms such as profit, share value or rates of return.

1. PERFORMANCE AND OTHER MEASUREMENTS

Performance shall be assessed against the KPI's / Indicators of Success for each objective via the Supply of a quarterly (and annual report) to the Timaru District Council including financial position.

2. GOVERNANCE STATEMENT:

Aoraki Development and Promotions Limited was incorporated and adopted a constitution on 23rd June 2010.

Aoraki Development and Promotions Limited Board Charter was adopted on 7th November 2016

Structure, Function and Obligations of the Board

- a. The Role of the Board:
 - Ensuring AD meets its objectives as defined in this Statement of Intent.
 - Ensuring AD complies with all its lawful obligations.
 - Ensuring the Council is kept well informed on all relevant issues and that there are no "surprises" on matters likely to cause community or political concern.
 - Making any decisions as to policy that is not the preserve of the Chief Executive and day-to-day administration.
 - Employing the Chief Executive (including entering in to a performance management agreement, reviewing performance and setting remuneration).
 - Ensuring sound financial management of AD.
- b. Composition of the Board:
 - The Council, after consultation with the Board, will be responsible for appointing Directors to the Board.

Guidance and Resources Provided to Board Members

- a. Resources available to Board members to carry out their duties:
Sound financial management and systems that provide reports to the Board as follows:
 - Statement of financial performance for the preceding month and year to date.
 - Chief Executive's monthly and quarterly reports addressing issues related to AD's performance against objectives (financial and non-financial).
- b. The Board will ensure that relevant training opportunities are made available.
- c. Code of Conduct:
 - All Board members will be required to comply with the New Zealand Institute of Directors' "Code of Proper Practice for Directors".
 - All Board members will apply their best endeavours to ensure AD achieves the economic, social and environmental objectives defined in Section 2 of this document.
 - All Board members will apply their best endeavours to ensure AD complies with the requirements of its constitution and this Statement of Intent.

Significant Policies in Place for Accountability

- a. The Board shall ensure AD complies with the reporting requirements outlined in Section 3 and 7 of this document.
- b. Risk Management Policies:
 - The Board shall ensure that appropriate insurance is maintained on all insurable risks of AD, and in particular public liability insurance.
 - The Board shall ensure that AD has systems in place to achieve compliance with the Health and Safety in Employment Act 1992 and the Health and Safety at work act 2015 and subsequent amendments.
- c. Remuneration:
 - The Council will set total remuneration for the Board.
- d. Reserves Policy (SOI)
 - The Reserves Policy ensures the board has funds set aside for risk mitigation.
 - The Primary Objectives underlying the Reserves Policies for are:
 - To ensure that AD is operated in a prudent manner
 - To recognise that many streams of work and expenditure items are committed to and incurred for longer periods than the annual funding approved by the Timaru District Council (TDC) with multiyear projects.
 - To ensure that money is available, as required, to meet the needs of AD and its key stakeholders.
 - To recognise that AD generates income over and above the funding from the TDC and also spends the majority of that income on related economic development activities for the benefit of the district with a breakeven or close to breakeven annual budget
 - Reserves to be held are set at 3-4 months' trading / cash flow to be on hand

3. ACCOUNTING POLICIES

Summary of Significant Accounting Policies

- a. Reporting Entity
 - Aoraki Development and Promotions Limited ('AD') is a company incorporated and domiciled in New Zealand
 - AD is a CCO (as defined under section 6 of the Local Government Act 2002) based in Timaru and is a subsidiary 100% owned by the Timaru District Council.

The primary objective of AD is to facilitate and promote the Timaru District as THE place to live and do business.

- The financial statements of the AD are for the year end 30 June. The financial statements are authorised for issue by the directors.

b. Statement of Compliance

- The financial statements are prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with Generally Accepted Accounting Practice in New Zealand (NZ GAAP).
- The financial statements are prepared in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) – PBE SF-A(PS).
- All transactions are reported using the accrual basis of accounting.
- The financial statements are presented in New Zealand dollars (\$) and all values are rounded to the nearest dollar. The functional currency of AD is New Zealand dollars.

c. Revenue

- Revenue is measured at the fair value of the consideration received.
- Contributions received from the Timaru District Council are AD's primary source of funding.
- Contributions are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the contribution are not met. No such obligation is attached to the council contributions received.

d. Interest revenue is recognised in the Statement of Financial Performance as it accrues, using the effective interest method.

e. Income tax is accounted for using the taxes payable method. The income tax expense charged to the Statement of Financial Performance is the estimated tax payable in the current year, adjusted for any differences between the estimated and actual tax payable in prior years.

f. Goods and Services Tax (GST): The financial statements have been prepared with income and expenditure items exclusive of GST. In the Statement of Financial Position, Accounts Receivable and Accounts Payable and both inclusive of GST. All other assets and Liabilities are shown exclusive of GST.

g. Cash and Cash Equivalents includes cash on hand, deposits held at call with banks, other short – term highly liquid investment with original maturities of three months or less, and bank overdrafts

h. Accounts Receivable are valued at their estimated net realisable value. Bad debts are written off during the period in which they are identified.

i. Creditors and other payables are measured at the fair value of the consideration paid.

j. Fixed Assets are recorded at cost less accumulated depreciation. AD has four classes of Fixed Assets, Plant and Equipment, Motor Vehicles, Office Furniture and Fittings.

k. Depreciation is calculated to allocate the cost or valuation of assets over their estimated useful lives, at the following rates:

Plant and Equipment	DV	20 – 25%
Motor Vehicles	DV	30%
Office Equipment	DV	10 – 67%
Furniture and Fittings	DV	9.5 – 16%

l. Leases: AD leases certain office equipment and land and buildings

4. DIVIDEND POLICY

AD is a non-profit organisation that does not generate income or dividend for the Timaru District Council.

5. INFORMATION TO BE PROVIDED

The following information will be made available to the Council by AD:

- By **1 March** each year a DRAFT BUDGET for the following financial year together with a request for any changes requested to the Council's financial contribution to AD's activities.

- b. By 2 March each year provide a draft STATEMENT OF INTENT, then consider any Council comments on it and deliver a final Statement of Intent by 30 June.
 - c. QUARTERLY REPORTS (September, December, March & June) covering an abbreviated Statement of Financial Performance and Statement of Financial Position, performance indicators, commentary on activities, and other such information as the Directors consider necessary to enable an informed assessment of AD's performance during the period in question. Due dates to be advised annually to AD by Council.
 - d. Within three months after the end of the financial year (i.e. by 30 September), AD shall deliver to the Council an ANNUAL REPORT which fulfils the requirements of Section 67 of the Local Government Act 2002, and audited financial statements in respect of the financial year, containing the following information as a minimum:
 - A Directors' Report including a summary of the financial results and a comparison of performance in relation to the objectives.
 - A Statement of Financial Performance disclosing revenue and expenditure and comparative figures from previous annual reports.
 - A Statement of Financial Position at the end of the year.
 - An Auditor's Report on the above statements and the measure of performance in relation to objectives.
 - The Chairman's Annual Report shall be made available for inspection at Council offices.
 - Any other matters that the Council and AD agree shall be disclosed as appropriate.
6. **PROCEDURE TO BE FOLLOWED WITH PURCHASE OF SHARES IN OTHER COMPANY OR ORGANISATION**
 The procedure to be followed before subscription for, or purchase of, or other acquisition of shares in any Company or organisation, shall be by resolution of the Directors, excepting that any significant diversification or addition to existing activities will be referred to the Council for approval.
7. **COMPENSATION FROM LOCAL AUTHORITIES**
 There is no increase in Operation Funding sought by AD for the 2017/18 year as it is proposed any additional Operational Expenses and the cost of proposed targeted Projects next year will be met by AD from funds held.

Noting that Operational Grant and Project Funding for 2018/19 year and beyond are subject to annual application.

Proposed funding levels are aligned to AD maintaining the high quality economic development service and the skills needed within the organisation to deliver the variety of services and projects.

2016/17 Actual		2017/18	2018/19	2020/21
\$ 530,000	OPERATIONAL GRANT	\$ 530,000	\$ 545,000	\$ 560,000
\$ -	PROJECT FUNDING**	\$ 151,000	annual application	annual application
	provided ex AD Funds	\$ (151,000)		
\$ 530,000	TOTAL FUNDS	\$ 530,000	\$ 545,000	\$ 560,000

8. **BOARD'S ESTIMATE AD VALUE**

The Directors estimate that the balance of funds in the Annual Report will represent the value of AD. The Directors will advise the shareholders on an annual basis if they believe the value to differ materially from this state.

Approved by AD on (Date)

.....
for Aoraki Development

Approved by the Council on (Date)

.....
for Timaru District Council

AORAKI DEVELOPMENT			
ANNUAL BUDGET 2017 / 2018			
2016/2017 Approved		2017/18 Submitted	
		Income	
\$	530,000	Regional Development TDC	\$ 530,000
\$	26,000	Other income	\$ 5,500
\$	556,000	Total Income	\$ 535,500
\$	360,000	Human Resources	\$ 325,000
\$	195,600	Expenses	\$ 209,550
\$	555,600	Total Expenses	\$ 534,550
\$	400	Operating Profit (Loss)	\$ 950

TIMARU DISTRICT COUNCIL
FOR THE BUDGET/ANNUAL PLAN MEETING OF 14 MARCH 2017

Report for Agenda Item No 6

Prepared by Tina Rogers
Group Manager Corporate Services

Matt Ambler
Property Manager

Timaru Theatre Royal

Purpose of Report

- 1 This report is to report back on work that has been completed reviewing the Theatre Royal facilities and raising options around future upgrades required.

Background

- 2 Funding was allowed for within the 2015-25 Long Term Plan (LTP) for a review of the back of house facilities at the Theatre Royal. This follows a previous report looking at the foyer area and possible extension. A building structural assessment has also previously been completed with all areas now over 34% of current standard.
- 3 This review has been undertaken by specialist theatre consultants, Shand Shelton Limited. The review included discussions with theatre users, show promoters and technical operators. The back of house facilities are largely unchanged since its construction in 1911. Changes to health and safety requirements and expectations have also been taken into account in the review.
- 4 The items identified include:
 - 1) Stage house including steep ramp access, disabled access, restricted space, location of electrics and access to the fly tower.
 - 2) Theatrical Flying system is very dated and limited in loads that it can carry. This has been noted as a significant health and safety risk.
 - 3) Auditorium seating and flooring needs to be replaced.
 - 4) Front of Housing lighting needs to be replaced with an accessible facility to meet health and safety requirements.
 - 5) Existing Theatrical Services Infrastructure needs to be enhanced to modern standards.
 - 6) Back of house facilities are serviceable but limited. There is scope to enhance these to include disabled access and provide additional facilities.
 - 7) Access for servicing the Stage House is difficult, especially for large trucks.
 - 8) Stage drapes are getting near the end of their useful life.
 - 9) Foyer and amenities could be enhanced to improve toilet facilities, food and beverage areas, creation of a VIP area and a corridor linking the front of house with the rear of house.

- 5 Steps have been taken to limit the use and access to the flying system. Weight limits are discussed with all hirers and restrictions are put in place regarding lighting. The stage drapes have been checked for their fire rating. These actions are taken to minimise safety risks but significant risks remain on site.
- 6 Further discussions have occurred regarding the first 3 items, given these are the most complex.

Fly Tower

- 7 The present system, in place since 1911, has largely remained unchanged since inception. It comprises battens, supported by ropes and wires, and is manually operated. The battens, which carry the weight of lights, curtains and scenery sets for shows, have a very limited carrying capacity of 60kg – 80kg per batten. Modern sets are generally well in excess of this which poses a health and safety risk.
- 8 Structural engineers were engaged to look at the building structural requirements necessary for the flying system to be replaced with a modern system. The stage area would require a significant rebuild to house the facility, hold the weight of sets that now exist and meet earthquake standards.

Stage Floor

- 9 The current floor has a 2.5° slope, rising from the front of the stage to the rear, rising 300mm over that distance. In addition to the slope, there is a sloping ramp from the foot of the loading dock door, down on to the stage, for the transportation of stage equipment. The ramp slope at 26o is well in excess of an acceptable slope for disabled access (at 1 in 12 or 7.5o).
- 10 The sloping stage floor was installed as such to enable the audience to view dancers' foot movements but this requirement for recent users has been secondary. Ballet shows only visit occasionally. Some theatre goers believe that the sloping stage also enhances acoustics.
- 11 If the slope was to be removed from the stage, this would result in reduced storage below the stage and an increased gradient from the stage to the loading access bay. These items are already deemed to be an issue and would be exacerbated by removing the slope.
- 12 Shand Shelton Limited has recommended that the sloping stage be replaced with a flat stage and this has been factored into the costs. If this did not occur, there is the possibility of a cost reduction.

Auditorium floor / Seating

- 13 The auditorium at large is a "B" category heritage item listed in the Timaru District Plan. As such, any substantial alteration to the surfaces with emphasis on the walls, royal boxes and proscenium surrounds may require a Resource Consent and consultation with Heritage New Zealand.

- 14 The auditorium floor has a corresponding slope to the stage to enable all patrons seated on the ground floor to view all stage movements. The floor surface is wooden varnished boards, constructed from untreated timber.
- 15 The floor sub-frame has deteriorated due to the construction methods used. It is recommended that the seating should be replaced once the floor is replaced while the theatre is closed for the tower replacement. Such action would bring dual benefits for shows and patrons, following the withdrawal of the facility.
- 16 The suggested floor replacement solution is a 50mm poured concrete sub-floor base with replacement traditional sub-floor frame of treated tongue and groove cladding over timber bearers/joists. This method is preferred because of the time/labour intensive nature of installing new piles, and the need to excavate a further 200mm of under-floor space. The concrete layer will eliminate the major concern being rising damp in an enclosed environment composed mainly of wood. Acoustic advice has been sought to ensure that this will not result in a loss in sound quality.
- 17 Auditorium seating replacement has been a budget item for many years. The current 1,023 seats are approximately 50-60 years old but have been refurbished during that period. It is anticipated that there will be a small decrease in seat numbers as modern seats are wider. Shand Shelton would be used to assist with the procurement of the seats.
- 18 Recommended phases to complete the upgrade (including estimated costings for phase 1) [all figures exclude GST unless stated otherwise]
 1. Stage tower upgrade
 - a. Upgrading of the stage tower, flying system, on stage electrical equipment and installation of sound equipment carrying frames and cages (\$4,565,000)
 - b. Replacement of the auditorium floor (\$200,000)
 - c. Replacement of the seating (\$500,000)
 2. Access enhanced and back of house replaced
 - a. Demolish Army Hall and adjacent building (both owned by TDC with minimal tenancies)
 - b. Demolish existing 3 story changing room facility and replace with a 2 story facility that includes disabled access, green room facilities, showers etc.
 - c. Realign access to the rear of the building to allow vehicle access and reduce/remove the slope to the stage
 3. Development of additional parking on remaining Army Hall site
 4. Covered walkway from Barnard Street parking area to Theatre Entrance
 5. Replace heating system
 6. Enhance foyer facilities
 - a. Demolish shops to the north of the theatre (both owned by TDC and unoccupied)
 - b. Extend foyer and add toilet, kitchen, meeting rooms and access to backstage area etc. as considered appropriate.

- 19 If these 6 phases were completed, all issues and deficiencies identified by Shand Shelton Limited would be rectified.
- 20 Due to the health and safety concerns over the existing flying system, it is recommended that phase 1 occurs as a matter of urgency. This has been incorporated in the proposed draft budget for 2017/18. If stage 1 is not completed, the use of the theatre will be severely restricted.
- 21 Details on options associated with the upgrade to the Stage House and Back of House are provided in the report from Shand Shelton in Appendix A.

Options

- 22 The recommended stages for the upgrade that have been identified above can be progressed by the Council or not. The scope of each individual stage would need to be specified and costed. Indicative costs have been included in the report in Appendix A for items 1 and 2. The timeframe can also be determined by the Council.
- 23 The option to do nothing is not viable due to the restrictions imposed on the flying system. This would ultimately lead to the theatre being unable to host shows.
- 24 An alternative option that does need to be considered is whether a piecemeal programme of replacing key aspects of the building is the most effective. A purpose built facility, possibly incorporating conference facilities, to completely replace the Theatre Royal is an option. The cost of this has not been fully explored, but would be substantial (greater than \$20 million) based on costs of facilities at other locations.

Identification of relevant legislation, Council policy and plans

Local Government Act 2002

Health and Safety at Work Act 2015

Assessment of Significance

- 25 This discussion is not deemed significant under the Council's Significance and Engagement Policy, although it is planned that engagement on the project will be included in the Consultation Document for the Draft Annual Plan 2017/18.

Consultation

- 26 Consultation has occurred with theatre users as part of the review. Public consultation has not yet occurred, but would occur as part of the 2017/18 Annual Plan if stage 1 occurs in this period, or alternatively as part of the 2018-28 Long Term Plan if work did not commence before July 2018.
- 27 Discussions with the South Canterbury Drama League, the largest user of the theatre, have been ongoing regarding the theatre and this review. Based on the restrictions with the flying systems and the possibility of the theatre being closed, they have deferred at least one production. As soon as an estimated timeframe for the work is known, liaison with the Drama League and other users would be essential. A lead in time of 9 months should be allowed prior to any construction for design, consents and procurement.

Other Considerations

- 28 The scale of any changes means that users are going to be significantly disrupted. Restrictions put in place for the flying system are already limiting use. It is expected that the facility would be closed for at approximately 13 months to enable the stage house, flying system, auditorium floor and seating to be replaced. Further closures would be required at a later date when any changes were made to the back of house and foyer facilities.

Funding Implications

- 29 Shand Shelton Limited has provided costs for the various stages, including the additional costs associated with staging the work, in section 5 of the report in Appendix A. A summary of these are:

Individual stages:

Stage House only	\$4,565,000	(including staging costs of \$425,000)
Access upgrade only	\$600,000	(including staging costs of \$118,000)
Dressing room block only	\$2,695,000	(including staging costs of \$380,000)
Total of individual stages	\$7,860,000	(including staging costs of \$923,000)

- 30 Doing Stage House initially and then completing access and upgrade and dressing room upgrade at a later date:

Stage House component	\$4,565,000	(including staging costs of \$425,000)
Access and Dressing room	\$3,177,000	(including staging costs of \$280,000)
Total of 2 stages	\$7,742,000	(including staging costs of \$805,000)

- 31 If all stages were completed as one project over a 28 month timeframe, the total would be \$6,937,000.
- 32 In addition, \$500,000 is required for the seating and \$200,000 for the floor.
- 33 The 2016/17 budget has \$350,000 for downstairs seating and \$200,000 in 2017/18 for upstairs seating. This is sufficient for the seating but no allowance was made for the stage house work or the floor.
- 34 The demolition of the Barnard Street property has already been included in the budget for 2018/19 at an estimated cost of \$100,000.
- 35 No estimates have been sought regarding the foyer facilities upgrade as these would be contingent on the scale of the work, possibly incorporating adjoining areas on the northern side of the theatre on Stafford Street.
- 36 As a comparison, the Marlborough Theatre facility cost approximately \$22m, while the Isaac Theatre in Christchurch was rebuilt after the earthquakes for \$40m. Founders Theatre in Hamilton is looking at \$20m for upgrading or approximately \$50m for a new purpose built facility.
- 37 The proposed draft budget has included the stage house development, but this needs to be updated to reflect the staging costs and the timing over the 2017/18 and 2018/19 years to reflect the latest information. Revenue also needs to be amended to reflect the 13 months construction period.

- 38 Currently the rate input into the Theatre Royal is approximately \$350,000 annually. This would increase to approximately \$640,000 as a result of replacing the stage house, flying system, seating and floor as the additional costs of interest and depreciation are unlikely to be met from any increase in hire fee revenue. External funding towards the upgrade has not been discussed with funders at this stage although it is budgeted for \$500,000 to be received from external sources.

Conclusion

- 39 The technical aspects of the Theatre Royal are no longer fit for purpose with modern shows and health and safety requirements. This report is to highlight the issues and to describe the options available.

Recommendation

That the Council considers this report and agrees on the scope of the project to be included in 2017/18 Annual Plan and budget.

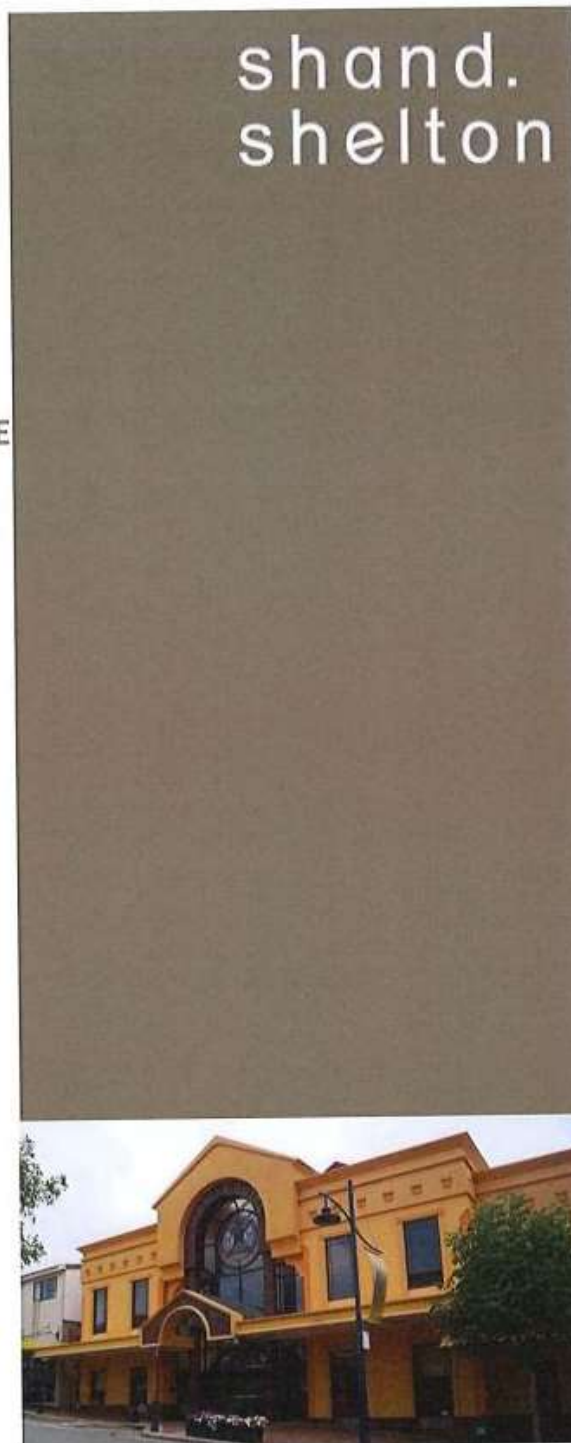
Appendix A

REPORT ON PROPOSED UPGRADE OF STAGE HOUSE & BACK OF HOUSE

THEATRE ROYAL TIMARU

For the
Timaru District Council

March 2017



1. Introduction

This Report follows the February Officer's Report to Council on the Theatre Royal and the Councillor's workshop (14 February 2017) where the need to upgrade the Stage House, Back of House, Rigging Systems and the Theatre Technical Services was outlined.

The specific purpose of this Report is to identify the cost and programme associated with completing a combined upgrade of all the elements behind the proscenium arch and the possible options and implications for staging the work required.

2. Project Deliverables

Once complete the improvements to the Stage House, Back of House and Servicing will deliver a flexible safe and efficient production capability that will enable the building to host all genre of live performances by increasing the strength of the building, providing the Rigging and Theatre Services Infrastructure necessary and allows for enhancement as technology develops.

This Project is divided into three elements

- Stage House
- Back of House
- Service Access

on completion, the improvement will provide the following.

Stage House

The upgraded Stage House provides:

- a) A new roof structure to support loads of flying system and meet production requirements.
- b) Associated fly floors loading galleries and grid structure.
- c) A new Theatrical Flying System.
- d) New Theatre Services Infrastructure for Theatrical Lighting, Production Communications (DMX Data, Audio and Communications).
- e) New Stage Drapes.
- f) Relocated main switchboard.
- g) Safe stair access to fly floors and loading galleries.
- h) A flat floor sprung stage (benchmark requirement).
- i) Improved working light levels and Stage Managers Panel for localised control of lighting.
- j) Relocation of piano garage.
- k) Access stage for persons with disabilities.
- l) Limited enhancement to the stage basement.

Back of House

The new Back of House provides:

- a) Access and facilities for persons with disabilities.
- b) Stair access to the fly floor level.
- c) A scene dock to service the stage and provide storage.
- d) Level access from scene dock to Stage House.

- e) Increased dressing room capacity plus VIP dressing room spaces set over two levels.
- f) Increase in numbers of toilets and showers.
- g) Laundry facilities.
- h) Green room facilities (double as small rehearsal space).
- i) Production office and Back of House entry.
- j) A structure to provide support to the rear wall of the Stage House.

Service Access

The service access from Barnard Street provides:

- a) Direct access for vehicles from Barnard Street into the scene dock and stage.
- b) A truck dock to enable ease of loading and unloading of vehicles.
- c) Level and direct access from vehicle to stage, i.e. no steps or changes in direction.
- d) Ability to provide access for persons with disabilities into Back of House and the stage.

These improvements will address all the present operating risks and issues and will bring the Stage House and Back of House up to the benchmark of other similar size venues throughout the country enabling it to compete for touring productions and safely accommodate the requirements of the local community events and productions.

3. Combined Development (All Stages)

This option includes a strengthened and upgraded Stage House, new flying system, flat floor stage, scene dock, Theatre storage and new dressing rooms plus new truck dock servicing from Barnard Street.

If selected this delivers all the benefits listed under the heading Project Deliverables and ensures the Theatre Royal is comparable with upgraded Theatres throughout the country. The estimated cost to complete the upgrade is \$6,937,000 plus GST in today's dollars, and the time frame we estimate for the design, construction and fit out is 28 months.

There are no staging costs or abortive cost involved. The Theatre would be closed for the duration of construction estimated at 16½ months.

4. Staging the Works

Refer Drawings attached.

There are essentially three elements to the work behind the proscenium arch; these are:

1. Stage House its rigging systems and Theatre Services
2. Truck servicing from Barnard Street.
3. The Back of House combining, scene dock, accessibility, dressing rooms and storage, and

Of the three elements, the Stage House upgrade is critical to deliver the required Health & Safety and production improvements essential to mitigating risk and accommodating the requirements for future productions. If staging is to be considered the upgrade of the Stage House this should be the first stage.

Stage One – Stage House Upgrade Only

If considered as a stand-alone stage, then it delivers on all of the items listed in section 2 under the heading Stage House with the exclusion of level access servicing. The estimated design and construction cost for this Stage including a contingency is \$4,565,000 plus GST.

The time frame for the Stage House design, construction and fit out as a stand-alone stage is estimated approximately 22 months with the Theatre closed for 13 months.

Implications of only proceeding with this Stage

The implications of providing the Stage House as a single stage are:

- a) Requirement for temporary bracing steel to rear wall of stage that is incorporated in the new Back of House structure design.
- b) Temporary extension of stair access from top floor of existing dress room block to new fly floor level in Stage House, compliance requirements.
- c) Creation of interim lean-to structure on south side of Stage House under existing concrete ramp to provide access and facilities for persons with disabilities.
- d) Construction of the piano garage within lean-to structure.
- e) Reconnection of Back of House cabling to relocated switchboard.
- f) Fire Safety Systems and features upgrade to dressing room block to meet compliance requirements, if required.
- g) Regrading of the existing service access to the rear and side of the dressing room block to align with the new Stage House levels and access into the existing dressing room block.

The cost of these works, which in essence will be abortive, is estimated at this concept level to be in the order of \$425,000 plus GST which is included in estimated Stage House cost above. These costs may be able to be reduced by detailed design.

Shortcomings

While the temporary works will address functional/compliance requirements some items identified as current shortcomings will not be able to be addressed in this Stage and cannot be until the Service Access/Back of House is undertaken, the most significant are:

- a) Level service access for servicing the Stage House is not provided.
- b) No scene dock area or weatherproof dock is provided.
- c) Level access from the dressing room block to the Stage House is not addressed and additional stairs are required with the change in stage level.
- d) Stair access to basement is still provided from within stage footprint reducing wing space and flexibility.
- e) No additional theatre storage is provided.
- f) No green room or improvements to number or standard of dressing rooms.

Stage Two – Addition of Service Access from Barnard Street

This element which combines the demolition of the addition to the Army Hall exploits the existing property subdivision to provide good truck servicing access directly from Barnard Street to the Stage House.

This as a 'nominal' stand-alone element has been estimated to cost \$482,000 plus GST, which includes demolition of the existing at risk building attached to the Army Hall. There is however no apparent benefit applicable to the operation of the Theatre to treat this as a discrete building stage. We recommend it

should be considered as an element that could be combined with either Stage One the Stage House or left and combined with Stage 3 the Back of House.

If included with either of the Stage One, it should have minimal impact on time to construct that stage as work on the access can be planned to occur concurrently. In the case of combining with Stage Three it will add approximately 1 month to the time frame.

Implications

The implications of combining it with Stage Two the Stage House are:

- a) Level access to the stage is provided.
- b) Access to the dressing room block will be required to be modified.
- c) Existing boiler room will require demolition and plant relocated. A temporary plant platform structure will be required.
- d) Underpinning of the dressing room block wall adjacent to the access will be necessary.

The additional cost of providing it as part of Stage One (the Stage House) is estimated to be in the order of \$118,000 plus GST.

The implications of combining it with Stage Three Back of House are:

- a) Existing boiler room remains in place, no abortive cost for temporary relocation.
- b) Ramped/stepped access for servicing of the Stage House remains until Stage Three is completed.
- c) Abortive cost identified for incorporating with Stage One do not apply.
- d) Construction time frame for Stage Three would be increased by approximately 1 month given the implications of restricted site access.

Stage Three – Back of House

This element completes the full upgrade and provides additional dressing room capacity to a standard comparable with similar venues, it allows for permanent accessibility compliance and meets all fire and egress regulations; it will include basement access and a permanent piano garage all with direct access to stage level. In addition, it provides for a weather protected truck dock and a scene dock to compliment the upgraded Stage House providing level access. A cast and crew green room is included which has overall capacity as addition dressing room or rehearsal. The estimated design, construction and fit out cost for this Stage is \$2,695,000 plus GST.

The time frame for the design, documentation, consent and construction for this separate Stage would be in the order of 16 months. The Venue would be closed for a period 10 months.

Implications

Demolition and construction of the Back of House post completion and commissioning of the Stage House will have the following implications:

- a) Venue will need to close a second time to facilitate works.
- b) Stage Drapes and equipment will need to be removed from the Venue and put in storage to avoid loss of fire rating.
- c) Temporary dust proof screens will need to be erected over scene dock door and proscenium arch to mitigate damage to Flying System and equipment.
- d) Recommissioning of the Flying System and re-installation of Stage Drapes and Lighting Equipment will be required.
- e) Additional demolition of temporary Stage House wall bracing likely if it cannot be fully integrated into dressing room design.

- f) Removal and recommissioning of plant provided in Stage House.
- g) Additional design and documentation time frame, If treated as a separate stage.
- h) Risk of exposure to escalation (increase costs) due to timing of the project to move forward.
- i) Additional project related costs such as insurance, consent and the like.

The estimated cost of implications excluding loss of income due to closure and allowance for escalation is in the order of \$380,000 plus GST which is included in the estimated Back of House cost above.

5. Cost Summary

	Individual Stages			Options for Stage2 Amalgamation		TOTAL PROJECT		
	Stage 1 - Stage House Only	Stage 2 - Access from Barnard St	Stage 3 - Dressing Room Block	Stage 1 & Stage 2 Combined - Stage House & Access	Stage 2 & Stage 3 Combined - Access & BOH	Stage 1 & 2 Combined Plus Stage 3	Stage 1 Plus Stage 2 & 3 Combined	Stage House Access & BOH Combined
Project Cost	\$4,140,000	\$482,000	\$2,315,000	\$4,622,000	\$2,797,000	\$6,937,000	\$6,937,000	\$6,937,000
Staging Costs	\$425,000	\$118,000	\$380,000	\$543,000	\$280,000	\$923,000	\$805,000	\$ -
TOTAL	\$4,565,000	\$600,000	\$2,695,000	\$5,165,000	\$3,177,000	\$7,860,000	\$7,742,000	\$6,937,000
	Plus GST	Plus GST	Plus GST	Plus GST	Plus GST	Plus GST	Plus GST	Plus GST

The above estimates do not make allowance for the following:

- Escalation (Increased Costs)
- Financing Charges
- Relocation Costs/Loss of Income
- Foyer Upgrade
- Seating Replacement
- Removal of Hazardous materials (Asbestos)

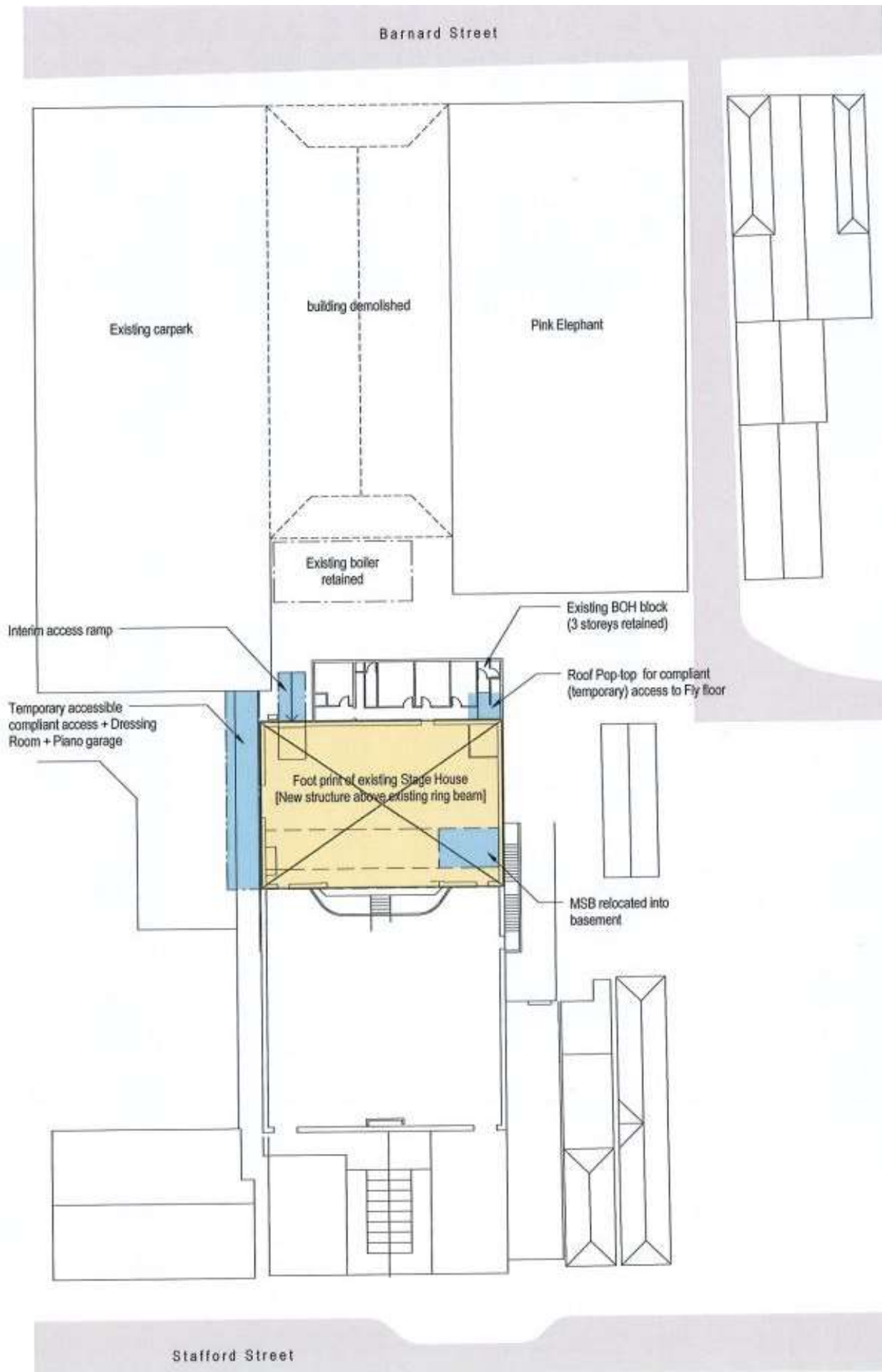
6. Conclusion

- To realise the full benefits, at the lowest overall cost within the shortest design and construction time frame, the full scope of work behind the Arch, that is, the Stage House, Back of House and Service Access need to be completed as a single project. Based on the concept design this is estimated to cost \$6,937,000 plus GST in today's dollars.
- To realise the maximum benefit and eliminate or mitigate the current risks, for the lowest cost estimate the upgraded Stage House as a discrete element could be completed for an estimated cost of \$4,565,000 plus GST, within a design, construction and fit out period of 22 months. This will not improve vehicle access or servicing to the Venue nor does it provide for any improvements to Back of House and comes with an abortive or staging cost of an estimated of \$425,000 plus GST making it less attractive as an option.

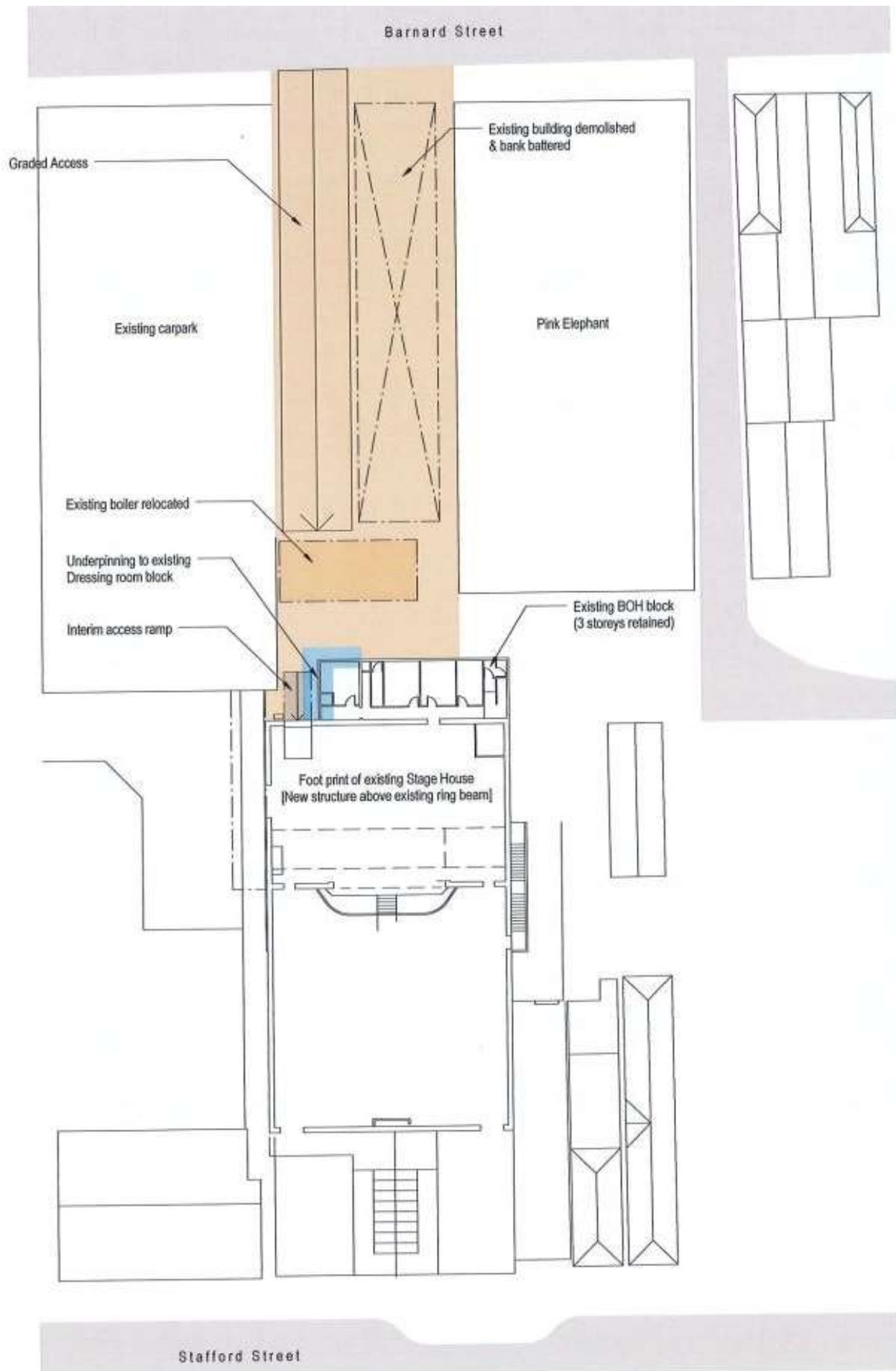
3. The new vehicle service access identified as Stage Two, will greatly enhance the appeal to touring shows reducing pack-in and out times considerably and improve theatre viability and production costs for local shows. Cost analysis suggests that if the Project is to be staged then combining Stages One and Two with a impost of \$118,000 plus GST of abortive cost. Despite some operational advantages this does not make financial sense better to combine Stages Two and Three with no adverse effect on cost.
4. The Back of House and improved vehicle servicing, i.e. Stages One and Three, complete the overall upgrading of the Back of House and deliver the Venue with a production capability that can be benchmarked and is comparable with upgraded venues throughout the country.
5. Based on the cost analysis the minimum cost of staging the works in today's dollars is in the order of \$800,000 plus GST.

7. General Recommendations

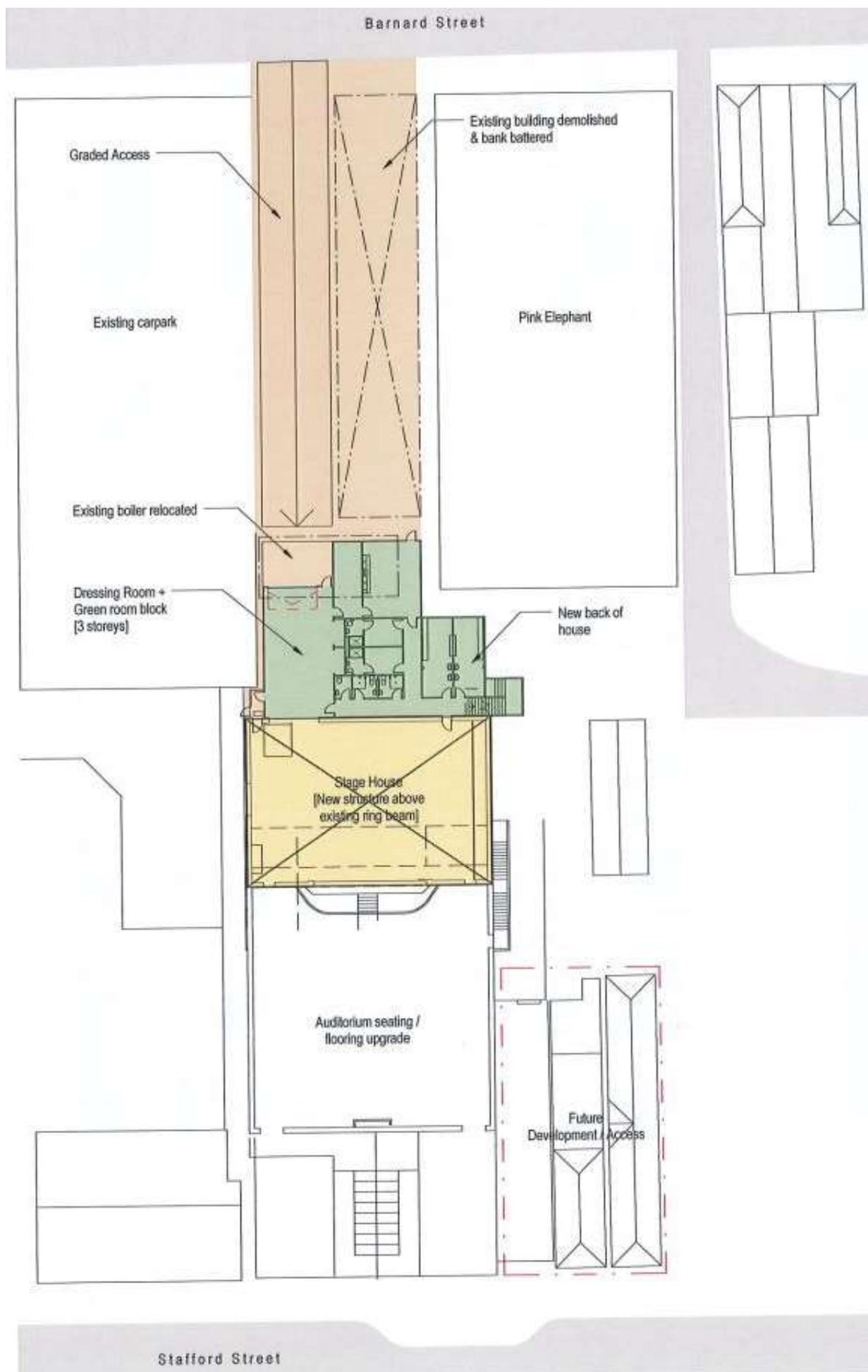
1. That if a funding regime could be develop that enable the Project to proceed as one stage then this would be the most cost effective option and see the Theatre closed for the minimum period.
2. If it is not practical or possible to proceed on the basis of a single project to complete all works behind the proscenium arch then we recommend proceeding with a two staged project, the Stage House as the initial stage and the Back of House and Service Access as the second combined stage
3. If the Project is staged, the "overall design" should be taken to a developed design stage as part of Stage One to minimise the staging/abortive costs arising as a result of phasing the works.



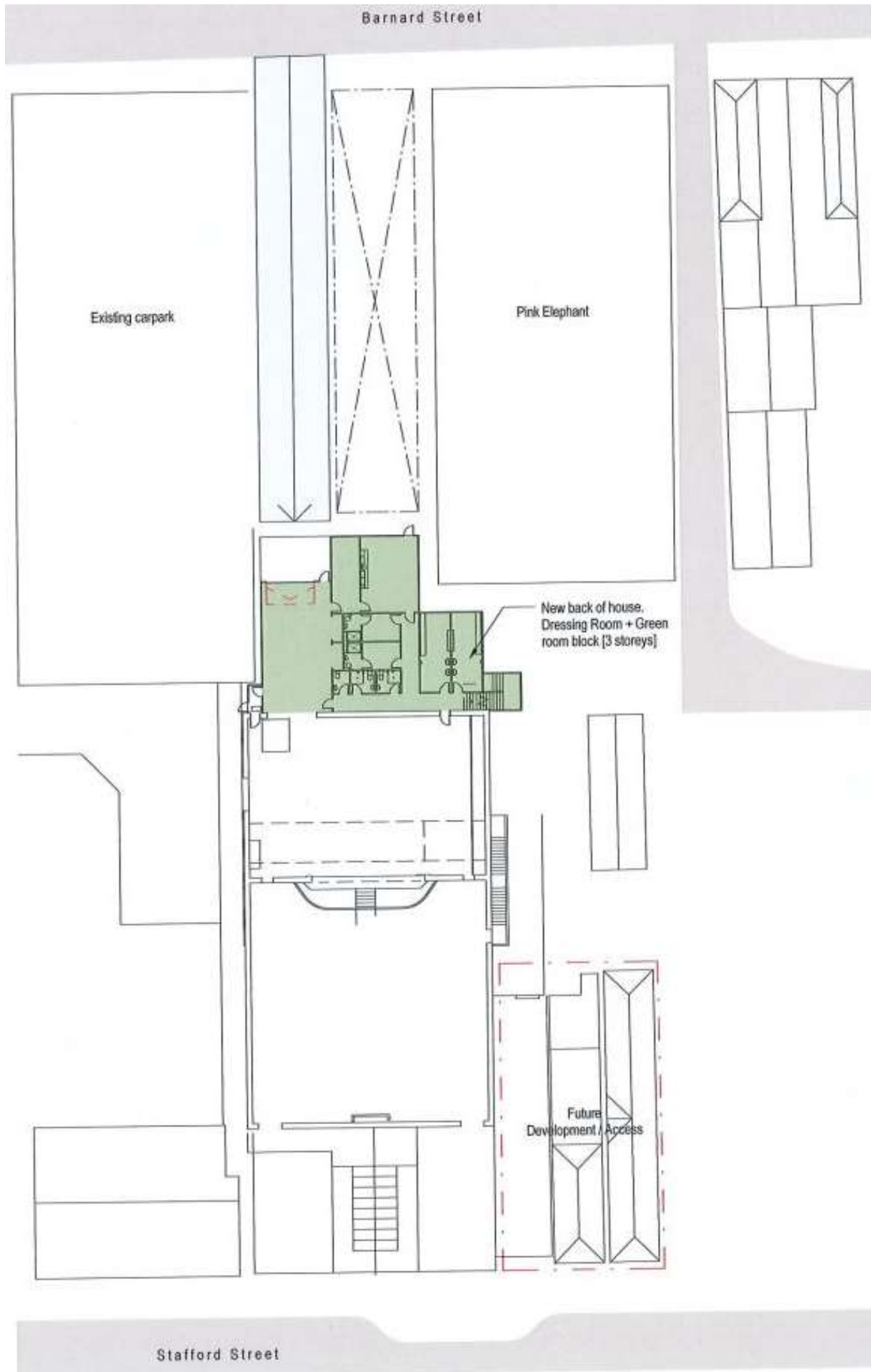
STAGE ONE - Stage House Only



STAGE TWO - Truck Servicing & Accessibility from Barnard Street [Can be combined with either Stage One or Stage Three]



COMBINED DEVELOPMENT



STAGE THREE