Notice of Meeting:

I hereby give notice that an ordinary meeting of Hamilton City Council will be held on:

Date:	**Thursday 31 March 2016**
Time:	**1:30pm**
Meeting Room:	**Council Chamber**
Venue:	**Municipal Building, Garden Place, Hamilton**

Richard Briggs
Chief Executive

Council
OPEN AGENDA

Membership

Chairperson	Her Worship the Mayor J Hardaker
Deputy Chairperson	Cr G Chesterman
Members	Cr M Forsyth
	Cr M Gallagher
	Cr K Green
	Cr A King
	Cr D Macpherson
	Cr G Mallett
	Cr A O'Leary
	Cr R Pascoe
	Cr L Tooman
	Cr E Wilson
	Cr P Yeung
Quorum:	**A majority of members (including vacancies)**
Meeting Frequency:	**Monthly**

Jude Pani
Democracy Manager

24 March 2016
Telephone: 07 838 6883
Jude.Pani@hcc.govt.nz
www.hamilton.govt.nz

Terms of Reference:

- To carry out leadership functions including advocacy and facilitation on behalf of the community.
- To exercise all non-delegatable and non-delegated functions and powers of the Council.
- To make those decisions which are required by legislation to be made by resolution of the local authority.
- To consider any matters referred to it from any of the Standing or Special Committees.
- To authorise all expenditure not delegated to staff or other Committees.
- To receive the Council Risk Register and legal issues reports.
- To receive reports from the Audit & Risk Committee.
- To develop and approve the draft Long Term Plan (LTP) (including any amendments or variations) and Annual Plans (including the Budget and Funding and Financial policies); ensure their effective communication to the community; hear submissions and approve the final plan.
- To approve the Hamilton Plan and to retain overview of it through setting direction on key strategic projects and receiving regular reports on its overall achievement
- Make decisions in respect of District Plan matters.
- The authority to agree to settle and submit draft consent orders to the Environment Court relating to an appeal on a Proposed District Plan, Plan Change, Plan Variation or Notice of Requirement to designate land or for a heritage order, or a resource consent application.
- The authority to reject a private plan change request.

Financial:

- To determine all financial matters not delegated.
- To receive reports of the exercise of financial delegated authority pursuant to the Public Bodies Contracts Act 1959.
- To approve Council's borrowing programme and treasury management strategy.
- To undertake the statutory audit processes and to consider and approve the external audit arrangements, to receive the Auditor's reports and to approve the audited annual report.

Procedural Matters:

- Delegation of all Committee powers.
- Adoption of Standing Orders.
- Confirmation of all Standing and Special Committee minutes.
- Approval of Special Orders.
- Employment of Chief Executive, setting of the Chief Executive's performance targets and review of the Chief Executive's Performance and Remuneration (in accordance with the Employment Agreement).
- Other Delegations.

The Opening Prayer will be led by Patricia Waugh from the Christian Quaker community.

1 Apologies

2 Confirmation of Agenda

The Council to confirm the agenda.

3 Declaration of Interest

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as an elected representative and any private or other external interest they might have.

4 Public Forum

As per Hamilton City Council's Standing Orders, a period of up to 30 minutes has been set aside for a public forum. Each speaker during the public forum section of this meeting may speak for three minutes or longer at the discretion of Her Worship the Mayor.

Please note that the public forum is to be confined to those items falling within the terms of the reference of this meeting.

Speakers will be put on a Public Forum speaking list on a first come first served basis in the Council Chamber prior to the start of the Meeting. A member of the Council Democracy Team will be available to co-ordinate this. As many speakers as possible will be heard within the allocated time.

If you have any questions regarding Public Forum please contact Democracy by telephoning 07 838 6825.

Hamilton City Council
Te kaunihera o Kirikiriroa

council report

Committee: Council **Date:** 31 March 2016

Report Name: Council Minutes - Open - 16, 18, 24 and 25 February 2016 **Author:** Jude Pani

Status	*Open*

Recommendation

That Council confirms and adopts as a true and correct record the Open Minutes of the Council Meetings held on

i. 16 February 2016;
ii. 18 February 2016;
iii. 24 February 2016; and
iv. 25 February 2016.

1. Attachments

2. Attachment 1 - Council Minutes - Open - 16 February 2016
3. Attachment 2 - Council Minutes - Open - 18 February 2016
4. Attachment 3 - Council Minutes - Open - 24 February 2016
5. Attachment 4 - Council Minutes - Open - 25 February 2016

Council

OPEN MINUTES

Minutes of a meeting of the Council held in Council Chamber, Municipal Building, Garden Place, Hamilton on Tuesday 16 February 2016 at 12:00pm.

PRESENT

Chairperson	Her Worship the Mayor J Hardaker
Deputy Chairperson	Cr G Chesterman
Members	Cr M Forsyth
	Cr M Gallagher
	Cr K Green
	Cr A King
	Cr Macpherson
	Cr G Mallett
	Cr A O'Leary
	Cr L Tooman
	Cr P Yeung
In Attendance	Richard Briggs – Chief Executive
	David Bryant – General Manager Corporate
	Kelvyn Eglinton – General Manager City Growth
	Sean Murray – Executive Director H3 and Events
	Debra Stan-Barton – Planning Unit Manager
	Luke O'Dwyer, City Planning Unit Manager
	Communications Advisor
Committee Advisors	Mrs Jude Pani and Mrs Mary Birch

1. Apologies

Resolved: (Her Worship the Mayor Hardaker/Cr Tooman)

That apologies from Councillors Pascoe and Wilson, and for lateness from Councillors Chesterman and Macpherson, be received and accepted.

Councillor Chesterman joined the meeting at 12.02pm following Item 1.

2. Confirmation of Agenda

Resolved: (Her Worship the Mayor Hardaker/Cr Mallett)

That the Council confirm the agenda.

3. Declarations of Interest

No members of the Council declared a Conflict of Interest. It was noted that Mayor Hardaker and Councillor Gallagher were members of the Ferrybank Development Plan evaluation panel.

4. Ferrybank Development Plan

The City Planning Unit Manager presented this report for the Council to endorse the Ferrybank Development Plan tender evaluation panel recommendation to appoint a company to complete the detailed Ferrybank development Plan. A proposed development plan was tabled. In response to questions the following was noted:

- The evaluation panel had completed its task and their recommendation was being reported to the Council;
- Council would now be executing a contract in line with the three stage procurement process;
- There would be workshop sessions with Councillors as the design plan develops;
- Expertise on the evaluation panel was high;
- Budget had been previously approved by the Council and was consistent with the actions in the River Plan;
- The Rowing Club had resource consent to expand its operation;
- The briefing pack had been publicly available on the Hamilton City Council website;
- The next stage will be more detailed with Council having the ability stop the project at any stage; and
- All the geotech information available to the Council had been provided to the parties and the concept included this geotech advice.

Councillor Macpherson joined the meeting at 12.30pm during the above discussion.

Resolved: (Cr Chesterman/Her Worship the Mayor Hardaker)

That:

a) The report be received;

b) Contract 15000 for The Ferrybank Development Plan is awarded to Wraight Athfield;

c) The Chief Executive is delegated to negotiate and finalise contract terms with Wraight Athfield;

d) The Approved Contract Sum for Contract 15000 is set at One Hundred and Fifty Thousand Dollars $150,000 excluding GST; and

e) The final design is presented for Council endorsement in August 2016.

Those for the Motion:	Mayor Hardaker, Councillors Gallagher, Forsyth, Chesterman, Yeung, Tooman and O'Leary
Those against the Motion:	Councillors King, Green, Mallett and Macpherson

The Meeting was declared closed at 1.25pm

Council

OPEN MINUTES

Minutes of a meeting of the Council held in Council Chamber, Municipal Building, Garden Place, Hamilton on Thursday 18 February 2016 at 12.30pm.

PRESENT

Chairperson	Her Worship the Mayor J Hardaker
Deputy Chairperson	Cr G Chesterman
Members	Cr M Forsyth
	Cr M Gallagher
	Cr A King
	Cr D Macpherson
	Cr G Mallett
	Cr A O'Leary
	Cr R Pascoe
	Cr L Tooman
	Cr P Yeung
In Attendance	Richard Briggs – Chief Executive
	David Bryant – General Manager Corporate
	Kelvyn Eglinton – General Manager City Growth
	Debra Stan-Barton – Planning Unit Manager
	Julie Clausen – Programme Manager, Strategy
	Kelvin Powell, City Safe Unit Manager
	Communications Advisor
Democracy Advisors	Mrs Jude Pani and Mrs Mary Birch

1. Apologies

Resolved: (Her Worship the Mayor Hardaker/Cr Tooman)

That apologies from Councillor Green, and for lateness from Councillors Macpherson and Wilson, be received and accepted.

2. Confirmation of Agenda

Resolved: (Her Worship the Mayor Hardaker/Cr Chesterman)

That the Council confirm the agenda.

3. Declarations of Interest

Councillor Green had previously declared a conflict of interest for the development of the Public Places Bylaw 2016 and Public Places Policy and did not participate in discussion or voting on this item.

4. Recommendations to Council from Strategy and Policy Committee - Public Places Bylaw 2016 and Public Places Policy

Councillor O'Leary presented the recommendations of the Strategy and Policy Committee meeting held on 16 February 2016 noting a change to point a) iv to read "Amend Clauses 4.2 to read "*Mobile shops are not permitted to operate within the Central City (as defined in the map in Schedule 4).*" and Clause 4.5 be deleted, rather than deleting both clauses. This more accurately reflected the intention of the Committee's decision.

Motion: Crs O'Leary/Tooman

That:

a) The Public Places Policy be adopted with the following changes:

   i. Remove the duplication of the definition of 'Market';

   ii. Amend the definition of "Mobile shops" to change 'order' to read 'ordered';

   iii. Amend clause 1.4.1 to read:

   '*There must be a continuous 2.0 metre wide clearway maintained on all footpaths at all times with the exception of Victoria Street within the area contained in the map in Schedule 4, which will be 1.7 metres.';*

   iv. Amend Clauses 4.2 to read "*Mobile shops are not permitted to operate within the Central City (as defined in the map in Schedule 4).*"and Clause 4.5 be deleted;

   v. Amend clause 5.1 (IV), Schedule 3, to change '$1 million' to read '$2 million';

   vi. Amend clause 3.1 (IV), Schedule 3, to add the following at the end:

   'cover to a minimum of $2 million.'; and

   vii. Clauses 5.1 (V) and (VI), Schedule 3, be deleted;

b) the Public Places Bylaw 2016 (Attachment 2 to this report) be adopted;

c) consistent with the resolution made by Council in 2009, Council undertakes not to enforce the bylaw against the Old English Baked Potato Van, provided it pays the prescribed annual fee. This entitlement will cease on the sale or the closure of this business;

d) a fee for Other Activities on Footpaths is set at an administration fee of $85.00 and a per event permit fee of $20.00; and

e) the Public Places Bylaw 2016 and Public Places Policy come into force on the 25 February 2016.

Amendment: Crs Forsyth/Mallett

That the tracked changes identified in clauses 4.2 and 4.,5, and schedule 3 clause 5.1(V) and (VI) are reinstated.

Councillor Macpherson joined the Meeting at 12.35pm.

The Amendment was Put:

Those for the Amendment:	Councillors Forsyth, Pascoe and Yeung
Those against the Amendment:	Councillors King, Gallagher, Chesterman, Hardaker, Mallett, Tooman, O'Leary and Macpherson

The Amendment was declared lost.

The Motion was then Put.

Resolved: (Crs O'Leary/Tooman)

That:

a) The Public Places Policy be adopted with the following changes:

i. Remove the duplication of the definition of 'Market';

ii. Amend the definition of "Mobile shops" to change 'order' to read 'ordered';

iii. Amend clause 1.4.1 to read:

'*There must be a continuous 2.0 metre wide clearway maintained on all footpaths at all times with the exception of Victoria Street within the area contained in the map in Schedule 4, which will be 1.7 metres.';*

iv. Amend Clauses 4.2 to read "*Mobile shops are not permitted to operate within the Central City (as defined in the map in Schedule 4).*"and Clause 4.5 be deleted;

v. Amend clause 5.1 (IV), Schedule 3, to change '$1 million' to read '$2 million';

vi. Amend clause 3.1 (IV), Schedule 3, to add the following at the end:

'cover to a minimum of $2 million.'; and

vii. Clauses 5.1 (V) and (VI), Schedule 3, be deleted;

b) the Public Places Bylaw 2016 (Attachment 2 to this report) be adopted;

c) consistent with the resolution made by Council in 2009, Council undertakes not to enforce the bylaw against the Old English Baked Potato Van, provided it pays the prescribed annual fee. This entitlement will cease on the sale or the closure of this business;

d) a fee for Other Activities on Footpaths is set at an administration fee of $85.00 and a per event permit fee of $20.00; and

e) the Public Places Bylaw 2016 and Public Places Policy come into force on the 25 February 2016.

The Meeting was declared closed at 12.45pm

Council

OPEN MINUTES

Minutes of a meeting of the Council held in Council Chamber, Municipal Building, Garden Place, Hamilton on Wednesday 24 February 2016 at 9:30am.

PRESENT

Chairperson	Her Worship the Mayor J Hardaker
Deputy Chairperson	Cr G Chesterman
Members	Cr M Forsyth
	Cr M Gallagher
	Cr K Green
	Cr A King
	Cr D Macpherson
	Cr G Mallett
	Cr A O'Leary
	Cr R Pascoe
	Cr L Tooman
	Cr P Yeung
In Attendance	Richard Briggs – Chief Executive
	Lance Vervoort – General Manager Community
	Sean Hickey – General Manager Strategy and Communications
	David Bryant – General Manager Corporate
	Kelvyn Eglinton – General Manager City Growth
	Sean Murray – Executive Director H3 and Events
	Blair Bowcott – Executive Director Special Projects
	Stephen Halliwell – Accounting Manager
	Brett Brinkworth – Corporate Projects Accountant, Finance
	Deanne McManus-Emery – Community Development & Leisure Manager
	Matthew Bayliss – Manager Swimming & Recreation
	Andrew Parsons – Waters Manager
	Helen Paki – Group Business Manager, Community
	Lee Cowan, Communications Manager
Democracy Advisors	Mrs Jude Pani and Mr Ian Loiterton

1. Apologies

Resolved: (Her Worship the Mayor Hardaker/Cr Tooman)

That apologies from Councillor Wilson for lateness be received and accepted.

2. Confirmation of Agenda

Resolved: (Her Worship the Mayor Hardaker/Cr Chesterman)

The Council confirmed the agenda

3. Declarations of Interest

Cr Forsyth (Netball) and Councillor Macpherson (Volleyball) declared an interest relating to the proposal for the Indoor Recreation Facilities (Attachment).

4. Public Forum

The following spoke in the Public Forum in support of the Indoor Recreation Facility:

Mark McCabe – Sport Waikato. A handout "Indoor Courts for Hamilton City" was tabled.
Mark Christie – Waikato Football.
Monica Leggart – Hamilton City Netball.
Megan Campbell – Rototuna High School.

5. 2016-17 Budget Review

The Chief Executive introduced this Report and referred the Meeting to the Budget Changes summary schedule contained in paragraph 29 of the Report. He advised that included within the Budget Changes summary were Council decisions made in 2015/16; and the following for Council consideration: Updated Assumptions; Chief Executive 'imperatives'; and proposals for Council consideration.

The Chief Executive advised that no further consultation was required on this Annual Plan with the recommended changes being timing adjustments within the context of the 10-Year Plan. The legislation takes into account the consultation that has already been undertaken on the 10-Year Plan, unless an adjustment was significant. He considered that no adjustments being presented to the Council met the significant criteria.

The Council then considered each of the following areas noted by the Chief Executive:

- Decisions Made by Council (Attachment 1)
- Updated Assumptions (Attachment 2)
- Chief Executive 'Imperatives' (Attachment 3)
- Proposal – Responding to City Growth (Attachment 4)
- Proposal – Indoor Recreation Facilities (Attachment 5)
- Proposal – Event Sponsorship (Attachment 6)
- Voluntary Targeted Rate Report (Attachment 7)
- Art Gallery Feasibility & Pool Space (Attachment 8)
- Overall Recommendations

Decisions Made by Council (Attachment 1)

Central City Transformation Plan – Central City Parking changes

Motion (Crs King/Mallett)

That the parking changes in the CCTP not be implemented.

The Motion was Put

Those for the Motion:	Councillors Gallagher, King, Macpherson, Green, and Mallett
Those against the Motion:	Mayor Hardaker, Councillors Chesterman, Yeung, Forsyth, Pascoe, and O'Leary and Tooman

The Motion was declared Lost.

Updated Assumptions (Attachment 2)

Action: Swaps/Interest Rates – Report to be presented to the next Finance Committee meeting to provide clarity around interest rates, the range of periods/rates, expiry dates on the swaps and what Council is doing to address the current drop in interest rates

Resolved: (Her Worship the Mayor Hardaker/Cr Chesterman)

That Council approves the 2016/17 budget changes (as noted in Attachment 2 of the staff Report) to reflect the updated assumptions.

Chief Executive 'Imperatives' (Attachment 3)

Efficiency Savings

Resolved: (Her Worship the Mayor Hardaker/Cr Chesterman)

That Council approves the 2016/17 budget changes (as noted in Attachment 3 of the staff Report) that are consequential to the Chief Executive led organisation restructure.

Waterworld

Action: Waterworld – A report on revenue/Club Aqua is to be provided to the June Annual Plan meeting. A report on this matter prepared by Price Waterhouse Coopers was expected in a few months' time.

Resolved: (Her Worship the Mayor Hardaker/Cr Forsyth)

That:

a) Council amends the 2016/17 Waterworld budget to add capital expenditure of $2.9m and consequential operating impact of $408,000; and

b) Council approves the closure of the Waterworld facility for a period of up to eight weeks between July and December 2016.

Councillor Mallett dissenting

Hamilton Zoo

Resolved: (Her Worship the Mayor Hardaker/Cr Chesterman)

That Council budgets $300,000 in 2016/17 for any additional Zoo animal enclosure related capital works.

Those for the Motion:	Mayor Hardaker, Councillors Chesterman, Yeung, Gallagher, Forsyth, Pascoe, O'Leary, Green, Mallett and Tooman
Those against the Motion:	Councillors King and Macpherson

The Meeting adjourned (10.48am to 11.05am).

Councillor Macpherson left the Meeting at 10.48am.

Proposal – Responding to City Growth (Attachment 4)

The General Manager, City Infrastructure, introduced this proposal bringing forward the following three programmes of work in the 10-Year Plan capital budget with additional funding: Ruakura growth cell; Rotokauri Stage 1; and Integrated Catchment Management Plans.

Action: Ruakura – Staff to report back to the next meeting of the Finance Committee (21 April 2016) providing information on the number of sections to which Council services had been provided that are yet to come on to the market for sale.

Resolved: (Her Worship the Mayor Hardaker/Cr Pascoe)

That:

a) That Council approves additional funding of $4.292m within the 2015-25 10-Year Plan commencing in 2016/17 to leverage a partnership opportunity with Tainui Group Holdings and Chedworth Property Ltd that will result in the broader Ruakura area being strategically serviced.

b) That Council approves acceleration of current capital funding of $5.776m within the 2015-25 10-Year Plan for strategic infrastructure in Rotokauri to facilitate current residential and business development growth pressure (resulting in funding increases of $2.4m in 2016/17, $3.366m in year 2017/18 and $10,000 in year 2018/19).

c) That Council approves additional funding of $862,000 ($441,000 in 2016/17 and $421,000 in 2017/18) to accelerate the development of Integrated Catchment Management Plans for the priority Rototuna, Rotokauri and Peacockes greenfield growth areas.

The Meeting adjourned (12.05pm to 1.00pm).

Councillor Macpherson rejoined the Meeting at 1.00pm.

Proposal – Indoor Recreation Facilities (Attachment 5)

This proposal for the Council to enter into a partnership arrangement to enable the construction of an indoor recreation centre was introduced by the General Manager, Community, supported by the Michelle Hollands, Regional Facilities Advisor Sport Waikato, and Megan Campbell, Chair of the Rototuna High School Establishment Board of Trustees. A site map of Rototuna Schools showing the position of the four courts was tabled.

The General Manager referred to a recent site visit by Elected Members that provided a useful view of the site; there was now a window of opportunity for the Council to enter into this partnership with Council sign off required by 31 March 2016. This would enable use of the contractor rates that had been locked in by the Rototuna High School for the construction.

In response to questions Council was advised:

- The details discussed by the Council would form part of the operating agreement; with a mutually acceptable governance and operations agreement to be developed;
- The indoor recreation centre is not purely a community facility, it is a national and regional facility;
- There may be a priority of users with the possibility of a national or regional tournament getting priority;
- Ministry of Education standard provides for a ¾ size court;
- Sport Waikato have been working closely with Sport NZ to ensure this facility provides full size courts, inclusive of appropriate 'run-off' space surrounding each court;
- The different sporting codes would be able to undertake their activities alongside each other, with the design to be worked through with the sporting codes to determine whether there would be a feature court arrangement provided;
- It would take three months to move through the design and operational agreement with the build phase approximately August 2016; and
- From the School's perspective, it was now or never.

During the Indoor Recreation Facilities discussion, the Meeting adjourned (1.50pm to 2.00pm).

Resolved: (Crs Forsyth/Chesterman)

That:

a) That Council approves entering into a partnership agreement, that secures the principles of community use, with the Rototuna High School Establishment Board of Trustees and Ministry of Education to construct a four-court indoor recreation facility on the school site.

b) That Council authorises the Chief Executive to enter into a mutually acceptable governance and operations agreement with the Rototuna High School Establishment Board of Trustees and Ministry of Education for the operation of the indoor recreation centre by 31 March 2016.

c) That Council approves funding of $4m to be brought forward from 2021/22 to the 2015/16 financial year and increased by $500,000 as a grant towards the construction of two of the four courts to be built at the new Rototuna High Schools.

d) That Council approves bringing forward an operational grant of $120,000 per annum from 2022/23 to 2017/18.

Item 6

The Meeting adjourned (2.25pm to 2.40pm).

Councillors Gallagher, Green and Macpherson left the Meeting at 2.25pm.

Proposal – Event Sponsorship (Attachment 6)

The Director H3 & Events introduced this proposal. It was requested that further information be provided to the Council on benefits/evidence of events. It was noted that all Elected Members would shortly be able to access the agenda for the 9 March Events Sponsorship Subcommittee Meeting.

Resolved: (Crs Chesterman/Yeung)

That Council increase the Event Sponsorship Fund budget by $150,000, from 2016/17 to a total of $373,000.

Councillor Mallett dissenting.

Attachment 3

Councillor Gallagher rejoined the Meeting (2.50pm) and was present at the voting of the above matter.

Voluntary Targeted Rate for Sustainable Initiatives (Attachment 7)

It was noted that no motion was required for this attachment.

Pool Space (Attachment 8)

Resolved: (Crs Mallett/King)

Staff report to the Council by 31 July 2016 with options on the availability of solutions relating to swimming capacity.

Arts Post – Commission Structure

Resolved: (Crs King/Gallagher)

That staff present a report at the Finance Committee in May 2016 on the process and commission structure for the sale of art at Arts Post.

Overall Recommendations

In presenting the overall recommendation, the Chief Executive confirmed that from his perspective there had been an appropriate level of public feedback which staff had noted and incorporated into the information presented to Council. There would be further community engagement opportunities through public forum, promotions and in particular Council's City News publication.

Resolved: (Crs Pascoe/Chesterman)

That:

a) the report be received;

b) community engagement is not required as the adjustments to the budget do not significantly nor materially change the 2016/17 budget from the proposed budget in the 2015-25 10-Year Plan; and

c) the Chief Executive prepare the 2016/17 Annual Plan, based on the 2015-25 10-Year Plan and as amended by the changes resolved by Council, for adoption at the meeting of Council on 30 June 2016.

Councillor Mallett dissenting.

The Meeting was declared closed at 4.20pm

Council

OPEN MINUTES

Minutes of a meeting of the Council held in Council Chamber, Municipal Building, Garden Place, Hamilton on Thursday 25 February 2016 at 1:30pm.

PRESENT

Chairperson	Her Worship the Mayor J Hardaker
Deputy Chairperson	Cr G Chesterman
Members	Cr M Forsyth
	Cr M Gallagher
	Cr K Green
	Cr A King
	Cr D Macpherson
	Cr G Mallett
	Cr A O'Leary
	Cr R Pascoe
	Cr L Tooman
	Cr E Wilson
	Cr P Yeung
In Attendance	Richard Briggs – Chief Executive
	Lance Vervoort – General Manager Community
	David Bryant – General Manager Corporate
	Kelvyn Eglinton – General Manager City Growth
	Sean Murray – Executive Director H3 and Events
	Blair Bowcott – Executive Director Special Projects
	Luke O'Dwyer - City Planning Unit Manager
	Sally Sheedy – Parks and Open Spaces Manager
	Communications Advisors
Also In Attendance	Lachlan Muldowney – City Solicitor Tompkins Wake for Item C2
Democracy Advisors	Mrs Jude Pani and Mrs Mary Birch

Opening Prayers

The Opening Prayers were led by Gloria and Arman Akhterjahan with a Baha'i Prayer .

1. Apologies

Resolved: (Her Worship the Mayor Hardaker/Cr Wilson)

That apologies for lateness from Councillors Chesterman and Macpherson be received and accepted.

2. Confirmation of Agenda

Resolved: (Her Worship the Mayor Hardaker/Cr Chesterman)

The Council confirmed the agenda, noting the report circulated for Item C2 in the Public Excluded session and that the recommendations from the Finance Committee held on 18 February 2016 and the Strategy and Resources Committee held on 23 February 2015 would be taken as late items.

3. Declarations of Interest

Councillor King declared a conflict of interest for Item C2 to be taken in the public excluded session. He withdrew from the Meeting prior to consideration of Item C2 and took no part in discussion and voting for that Item.

4. Public Forum

Bruce Clarkson spoke in the public forum in support of the recommendations from the Finance Committee relating to designating as reserve and including within the Waiwhakareke Natural Heritage Park, the Smart Sub-division Land.

Update on Transfer of Pensioner Housing

As advised to Elected Members by the Mayor, the Council received a verbal update from the Executive Director Special Projects regarding settlement of the transfer of pensioner housing to Accessible Properties. Andrew Wilson, General Manager, Accessible Properties was in attendance for this briefing.

The Council was advised:

- Encumbrance prepared and registered. Balance of deposit being paid on transfer date of 7 March 2016;
- Hamilton City Council Tenancy Officer has been employed by Accessible Properties;
- Accessible Properties had secured an office in Hamilton and would be based in Hamilton from the commencement date of 7 March;
- Accessible Properties had agreed to contract the City Parks team to carry out the grounds maintenance contract which would provide continuity to tenants;
- Waiting list tenancy management files and detailed information had been transferred to Accessible Properties;
- There had been extensive correspondence between Council and the tenants;
- Andrew Wilson and the Accessible Properties team would visit and extend a welcome to all tenants on 7 and 8 March; and
- To provide guidance to their organisation, Accessible Properties was intending to set up a Hamilton social housing advisory group.

5. Council Minutes - Open - 10 December and 15 December 2015

Resolved: (Her Worship the Mayor Hardaker/Cr Chesterman)

That Council confirms and adopts as a true and correct record the Open Minutes of the Council Meetings held on 10 December and 15 December 2015.

Councillor Macpherson dissenting.

Councillor Chesterman left the Meeting at 1.45pm.

5a. Recommendations to Council - Finance Committee Meeting 18 February 2016

Councillor Pascoe presented the recommendations from the Finance Committee Meeting held on 18 February 2016. The recommendations expressed in parts were voted on separately.

Resolved: (Cr Pascoe/Cr Wilson)

1. Asset Analysis - Waiwhakareke Land - Retention or Disposal Options

That, consistent with the Council resolution on 26 September 2013, Council declares the Smart Sub-division Land (Lot 2 DP 425316, as further described in the Schedule) to be reserved and included within the Waiwhakareke Natural Heritage Park (Lot 1 DP 425316).

SCHEDULE

An estate in fee simple comprising all that land contained in Certificate of Title 499858 South Auckland Land Registry legally described as Lot 2 Deposited Plan 425316 comprising 5.1385 hectares more or less and physically located between Baverstock and Rotokauri Roads overlooking Lake Waiwhakareke.

Councillors King and Mallett dissenting.

Resolved: (Cr Pascoe/Cr Yeung)

2. Legal Services Contract

That the Chief Executive's delegation for legal services be increased to $250,000.00 without going to public tender.

6b. Recommendations to Council - Strategy and Policy Committee Meeting - 23 February 2016

Councillor O'Leary presented the recommendations from the Strategy and Policy Committee Meeting held on 23 February 2016.

Resolved: (Cr O'Leary/Cr Macpherson)

That:

a) Council determine that the proposed Hamilton Trade Waste and Wastewater Bylaw 2016 is the most appropriate form of bylaw;

b) Council determine that the proposed Hamilton Trade Waste and Wastewater Bylaw 2016 does

not give rise to implications under the New Zealand Bill of Rights Act 1990;

c) the proposed draft Trade Waste and Wastewater Bylaw 2016 be adopted by Council for public engagement;

d) Council notes:

i. Councillor Tooman is delegated to receive spoken submissions made to the proposed draft Trade Waste and Wastewater Bylaw 2016 at the drop in session on 22 March; and

ii. a summary of the submissions received on the proposed Trade Waste and Wastewater 2016, including recommendations, is presented to the 19 July 2016 Strategy and Policy Committee meeting as part of the staff report for deliberation and adoption.

6. Cemeteries Management Plan Revised

The General Manager, Community, supported by the Parks and Open Spaces Manager, introduced this Item for the Council to receive and adopt the Hamilton Cemeteries Management Plan (Plan) reformatted in an easy-to-read style.

In response to discussion on fees and charges, the Parks and Open Spaces Manager advised that fees and charges had been constructed on the basis of cost recovery. If the Plan was adopted by the Council, staff would review this cost recovery. The challenge was maintaining the cemetery when revenue is not being generated.

Resolved: (Cr Tooman/Cr O'Leary)

That

a) The report be received; and

b) The Hamilton Cemeteries Management Plan (2015) be adopted.

7. DC/Growth Working Group Phase 1 Update

Resolved: (Cr Tooman/Cr O'Leary)

That the report be received.

8. Resolution to Exclude the Public

Section 48, Local Government Official Information and Meetings Act 1987

Resolved: (Her Worship the Mayor Hardaker/Cr Pascoe)

That the public be excluded from the following parts of the proceedings of this meeting, namely consideration of the public excluded agenda.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local

Item 6

Attachment 4

Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Council Minutes – Public Excluded – 10 December and 15 December 2015 C2. A & A King Family Trust Appeal Update	) Good reason to withhold) information exists under) Section 7 Local Government) Official Information and) Meetings Act 1987)	Section 48(1)(a)

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

Item C1.	for the reasons stated on the agendas	Section 7 (2)
Item C2.	To maintain legal professional privilege	Section 7 (2) (g)

Councillor Macpherson dissenting.

The Meeting moved into a Public Excluded session (2.15pm to 3.50pm).

During the public excluded session:
Councillor King retired from the Meeting at 2.17pm.
Councillor O'Leary retired from the Meeting at 3.05pm.
Councillor Chesterman returned to the Meeting at 3.28pm.

The Meeting was declared closed at 3.50pm.

Hamilton City Council
Te kaunihera o Kirikiriroa

council report

Committee: Council **Date:** 31 March 2016

Report Name: Founders Theatre - Future Options Report **Author:** Sean Murray

Report Status	*Open*
Strategy, Policy or Plan context	*Hamilton Plan, 2015-25 10-Year Plan*
Financial status	*There is capex budget allocated in 2021/2022 & 2022/23 of $13.8m*
Assessment of significance	*Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is considered to have a high degree of significance*

1. Purpose of the Report

2. The purpose of this report is to advise Council of the status of Founders Theatre and present options for its future.

3. Executive Summary

4. Founders Theatre is a Strategic Asset as defined by the Significance and Engagement Policy. It is Hamilton's premiere and largest performing arts venue and has been identified as a regional facility serving the wider Waikato region. It seats 1,249 people and is owned by Hamilton City Council. The Theatre had an anticipated lifespan of approximately 50 years when it was built in 1962. It is now at the end of its useful life and a number of significant issues have been identified following investigations over the last few months.

5. These issues, largely relating to Health and Safety concerns, resulted in the Theatre being closed at the beginning of March 2016.

6. The issues surrounding the Theatre were signalled in prior reports to Council, including The Hamilton City Theatres Review (The Stafford Report 2013) and the Shand Shelton Report (May 2014) which formed the basis of the 10-Year Plan discussions. Whilst clearly at the end of its life, it was expected that the Theatre could remain open for a few more years with the right intervention from staff and contractors.

7. Council resolved during the 10-Year Plan Council meeting in February 2015 to include $13.8m in 2021/22 and 2022/23 for the purpose of capital works to bring the Theatre up to date. Council also resolved to invest $100k in a business case review to explore all options in detail and identify the best outcome. During this business case review a number of detailed investigations were undertaken that ultimately led to the closure of the Theatre.

8. The investigations undertaken have highlighted two main concerns. The first relates to the theatre's flying system and its ability to carry loads safely; and the second concern relates to the seismic strength of both the stage house and auditorium roof.

9. The Theatre has been appropriately maintained over its life, however the maintenance undertaken has become less and less effective as the Theatre nears the end of its useful life and is not a substitute for required capital renewals.

10. There are three options in respect of the future of the Theatre; upgrading the existing theatre, an entirely new build and permanent closure.

11. As the Theatre is listed as a significant asset within Council's Significance and Engagement Policy, and further a decision to redevelop or replace the Theatre could result in Council exceeding its financial strategy limits, any decision would require Council to undertake suitable public engagement.

12. Recommendations from Management

a) That the report be received;

b) That Council note the three options presented for the possible future of Founders Theatre; and

c) That Council consult the public on the future options for Founders Theatre and report back to Council no later than August 2016 with a recommendation.

13. Attachments

14. Attachment 1 - Founders Theatre Flying System Review May 2014 - Shand Shelton

15. Attachment 2 - Summary of Issues Report March 2016 - PWC

16. Attachment 3 - Founders Theatre Refurbishment Business Case February 2016

17. Attachment 4 - Health and Safety Report February 2016 - Securius Safety

18. Attachment 5 - Founders Theatre Engineering Assessment February 2016 - Dunning Thornton Consultants

19. Report Structure and Recent Events

20. This report is in response to the following Council resolution made on 3 February 2015 during 2015-25 10-Year Plan discussions:

a) A capital amount of $100,000 is allowed for the preparation of a Founders Theatre Upgrade Business Case in 2015/16 to explore all options in detail and identify the best outcome;

b) An estimated Founders Theatre upgrade and refurbishment cost of $13.8m is included from 2021/22; and

c) Council reconsider the Founders Theatre upgrade and refurbishment item at 2016/17 Annual Plan review based on the completed Business Case report.

21. A link to the 10-Year Plan report on Founders Theatre is found here.

22. This resolution was in response to the issues identified in the Shand Shelton Report (Attachment 1) which was prepared following The Hamilton City Theatres Review (The Stafford Report 2013). The Shand Shelton Report provided the basis for the 10-Year Plan discussions and public consultation, and identified two significant structural issues; the theatrical flying system and fire safety measures that operate above the stage were old, sub-standard and needed replacing; the stage house needed to be rebuilt to house an upgraded flying system as it did not have sufficient load bearing capability under the new requirements for theatrical productions.

23. This report is structured in two parts:

- Identification of the current issues based on detailed expert investigation and advice
- Options for the future

24. In response to the Council resolution, staff engaged architectural, engineering, theatre and safety experts to provide more detail on the issues initially identified in the Shand Shelton report. Reports from these experts were completed in late 2015 and early 2016. These reports were not completed in time for the Annual Plan budget discussions in February.

25. On 1 March 2016, the Chief Executive made the decision to temporarily close Founders Theatre as a result of immediate safety concerns that were identified in the expert reports. The flying system has subsequently been largely decommissioned as recommended and any re-locatable equipment has been redeployed.

26. Price Waterhouse Coopers (PWC) was engaged in March 2016 to review the expert reports and to clarify and summarise the issues.

27. Staff have not made a recommendation in this report because the detailed expert reports now indicate that refurbishment/upgrade will cost more than initially provided for in the 10-Year Plan and further issues are now known. Staff are seeking guidance from Council about the next steps.

28. Background

29. The Founders Theatre is a traditional proscenium arch/lyric theatre that opened in 1962 having been funded entirely by the community. At that time it was the first new theatre built in Australasia in approximately 30 years and it was built to be a premiere theatre for the region and the city's town hall. It is Hamilton's premiere and largest performing arts venue seating 1,249 people. It has been owned and operated by the Council since it was built.

30. It is a strategic asset listed in Council's Significance and Engagement Policy. A strategic asset is:

"…assets or group of assets that the council needs to retain if it is to maintain its capacity to achieve or promote any outcome that it determines to be important to the current or future well-being of the community".

31. The Hamilton City Theatres Review (The Stafford Report 2013) identified Founders Theatre as a regional facility, providing services to the wider Waikato region. It is considered comparable as a regional theatre alongside for example, the Isaac Theatre Royal in Christchurch, Regent Theatre in Dunedin, the Rotorua Civic Theatre and the Opera House in Wellington.

32. The Theatre occupies a unique position in the performing arts ecosystem in the Waikato:

- It is the largest of the region's theatres and it is uniquely focused on providing a venue with the size and facilities to accommodate a full range of local and touring musical, theatrical, operatic and town hall-style events. It has hosted international stars such as Louis Armstrong, The Beach Boys, Flight of the Concords, The Wiggles and The Soweto Gospel Choir.
- It is the only proscenium arch theatre in the region that seats more than 550 (actual seating capacity of Founders Theatre is 1249) people making it the sole venue within the Waikato suitable for large touring performances.

33. **Total Patronage for Founders Theatre**

34. The patronage numbers for Founders Theatre over the last 10 years are in the table below. Patronage has been declining over this period and reasons given for this are:

- The limitations resulting from aging infrastructure
- The declining customer experience

Year	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15
Visitors	91,851	104,982	98,376	102,039	91,097	105,902	78,258	82,457	72,798	66,125	68,002	60,234

Note that the patronage for 15/16 year to date (July – December 2015) was 36,298.

35. **Total Revenue for Founders Theatre**

36. Total revenue generated over the last 10 years is in the table below. Declining patronage has affected revenue and over the past three years revenue has stayed relatively static.

Year	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15
Revenue	622k	575k	631k	724k	496k	579k	564k	533k	442k	626k	626k	511k

Note the revenue budget target for 2015/16 is $490k.

37. There have been some comments made in the public that Council has not invested in renewals and maintenance. This is not correct. The renewals and maintenance budgets have been delivered in accordance with the recommendations made by staff and in 2014/15 the Council approved additional investment following recommendations in the Shand Shelton Report. These included additional maintenance and replacement parts to the flying system such as replacing winch line sets and counter weight line sets and replacing battens.

38. Founders Theatre underwent upgrades as below in 2000 and 2001.

- 2000 – Dressing Room expansion, $1.3m
- 2001 – Foyer extension including new box office and administration office, $770k

39. The view of the experts is Founders Theatre (and in particular the production facilities) has reached the end of its life and a number of reviews have indicated the need for significant intervention if the asset is to be retained and operate in accordance with its original purpose. The flying system and most of the theatre are original, as built in 1962.

40. Issues

41. The PWC report (Attachment 2) summarises the investigation reports completed over the past four months. It also validates the decision to close the Theatre pending further expert assessment of the identified health and safety issues.

42. In summary, the issues are:

- **The wooden flying system** is old and based on obsolete technology. It does not currently have independent engineering certification for load bearing weight and it is unlikely to receive certification.
- **The Fire Curtain** complies with the fire regulations current at the time of installation. There are known hazards inherent in its operation and as the fire curtain is connected to the flying system, the ability of the system to continue to manage the load of the curtain is unknown. Any substantial changes to the building will trigger a fire system review and it is probable that a different fire safety approach will be required.
- **The current actual seismic performance of the building** (stage house and auditorium roof) is not currently known. Initial reports suggest it is around 33% of the New Building Standards, which makes it compliant (below 33% is non-compliant); however this rating was not based on an Initial Seismic Assessment (ISA) but based on a visual inspection by an

experienced organization or IEP, which ISA has now replaced. Of concern is the apparent absence of an auditorium roof diaphragm[1] which is an essential part of a theatre's seismic resistance. Experts Dunning Thornton Consultants who conducted the preliminary investigation of the seismic strength in February 2016, found a diaphragm is almost entirely absent in the existing structure and concluded that the "*auditorium roof diaphragm (or lack thereof) is a significant seismic risk*". They stated that "*it is very likely that the capacity of the side walls is significantly less than the trigger levels for an earthquake-prone building*."

43. It should be noted that although the building has three distinct components - the stage house, auditorium and front of house - they are all closely connected and the lowest seismic rating of one of the elements should be taken as the overall rating of the building. Further invasive detailed work is being carried out by Dunning Thornton Consultants to complete a Detailed Seismic Design Assessment (DSA). This will take up to three months to complete.

44. The immediate safety issues identified in the reports are:

- The state of the flying system, especially the load the system can safely support.
- Manually operated components of the system, which are based on now obsolete tall ship sailing technology.
- Concerns about the structural strength of the building and seismic resistance.

45. Securius Safety conducted a health and safety audit of the flying system and its impact on employees and others in the Theatre in late February 2016 recommending that the flying system be de-loaded and decommissioned until it receives written engineering certification that it is safe for use. Expert advice is that certification is unlikely.

46. Options

47. There are three options proposed for consideration in this report. In identifying these options a number of matters were assessed relating to the potential to:

- Re-open the Theatre and operate it as it was operating prior to closure.
- Use an existing venue to replace Founders Theatre.
- Re-open the Theatre with limited operations.

48. Due to the identified health and safety issues, the PWC report does not recommend re-opening the Theatre and operating it in the same manner. This option was therefore not considered.

49. Using an existing Hamilton venue to replace Founders Theatre was considered and subsequently discounted. The business case (refer attachment 3 and paragraph 57 below) reviewed other theatres in Hamilton and Claudelands Arena and concluded that there are no viable alternatives to Founders Theatre in Hamilton or the region. No other theatre has the size or the infrastructure to attract or support the range of productions that Founders Theatre has in the past.

50. Claudelands Arena was assessed to see if it could fill the place of Founders Theatre, but it is not a viable replacement venue for the following reasons:

- It is not configured to support traditional theatrical performances. Claudelands Arena does not have a design that would allow it to be appropriately reconfigured as a lyric theatre.

[1] In structural engineering, a diaphragm is a structural element that transmits lateral load to the vertical resisting elements of a structure (such as shear walls or frames).

- It does not have a flying system or stage configuration to meet the requirements of touring productions and to permanently retrofit a stage and flying system in the existing space would be both logistically impractical and expensive.
- There are also significant acoustic issues. Theatres are deliberately designed to be acoustically 'live' to bounce sound around in a way that is pleasing to the ear, while Claudelands Arena is deliberately designed to be acoustically 'dead' to reduce echoes.
- While temporary arrangements can be made to accommodate some production types, these are expensive and time consuming to set up and they limit the technical and artistic production of shows. This scenario is unlikely to be considered favourably by community or professional event organisers.

51. Limited re-opening of the Theatre was discounted as an option because the Theatre has reached the end of its useful life. It is highly unlikely that maintenance investment and/or reducing the scope of operations would sufficiently address identified health and safety issues. Limited operations can be managed by other theatres in the city.

52. Options considered in this report:

A. Redevelop Founders Theatre

B. Demolish and build a new Theatre

C. Permanently close Founders Theatre

53. In preparation for the Annual Plan and in compliance with the Council resolution in February 2015, staff prepared a business case using New Zealand Treasury-endorsed Better Business Case (BBC) methodology. The business case is Attachment 3. This was prepared prior to completion of all of the expert reports and closure of Founders Theatre. It recommends redevelopment.

54. Option A – Redevelop Founders Theatre

55. The business case (Attachment 3) recommends the redevelopment of Founders Theatre at an indicative cost of $20.4m which would be phased over three financial years commencing in the 2016/17 financial year. This cost does include an allowance for the identified issues relating to seismic performance and the costs associated with seismic strengthening of the building, especially the auditorium roof. The full extent or otherwise of that will not be known until the detailed seismic report is completed in the next two to three months.

56. Under this option the existing Theatre building and infrastructure would be upgraded resulting in a safe multi-purpose proscenium arch[2] style theatre with the capacity to attract and host modern productions and full scale versions of productions that, in recent years, have been down-sized to fit within the limitations of Founders Theatre's aging infrastructure. This is essential a modern version of 'like for like'. The upgraded theatre will also be able to safely and appropriately accommodate Town Hall type events such as graduation ceremonies that have been a traditional feature of the Founder's Theatre calendar.

57. All health and safety and customer experience issues identified in the Shand Shelton and other reports would be addressed by this option is subject to performance issues.

58. This option will deliver a theatre consistent with the original purpose of Founders Theatre and a standard expected of a modern theatre in a metropolitan city. It is not providing additional seating capacity or car parking. Seating capacity will remain approximately the same but with an expanded stage area and improved visitor experience.

[2] The proscenium is the area of a theatre surrounding the stage opening. A proscenium arch is the arch over this area.

59. The business case sets out in detail the strategic, economic and commercial case for upgrade and the financial impact.

60. The Theatre would remain closed until 2019 while the upgrading work was undertaken resulting in disruption to the performing arts sector in Hamilton and the Waikato over a period of up to three years. However this disruption has already occurred with the interim closure of the Theatre.

61. The lifespan of the upgraded theatre building would be 50 years but key fixtures and fittings would have a lesser life. The Hamilton City Theatres Review (The Stafford Report 2013) noted that an upgrade of the Founders Theatre would cater for the creative sector and community requirements of Hamilton and the region for the next 20-30 plus years.

62. Upgrading the Theatre is consistent with Founders Theatre's status as a strategic asset and is aligned with a number of Council's strategic plans: Hamilton Plan, Central City Transformation Plan, Frankton Plan and the Arts Agenda.

63. The business case provides an indicative capital cost of $20.4m for upgrading Founders Theatre. Council's contribution has been proposed as $14.96m with funding contributions from other sources to be sought to make up the total investment required, reflecting the Theatre's status as a regional facility and the considerable usage by patrons and performers from outside the city.

64. The recommendation is for the work to commence in the 2016/17 financial year and be completed in 2019, taking approximately 15 months with the Theatre closed during this time.

- 2016/17 – complete detailed design, start the funding process, go through the consenting and tendering process ($2.25m)
- 2017/2018 – construction ($8.4m)
- 2018/19 – complete construction ($9.75m)[3]

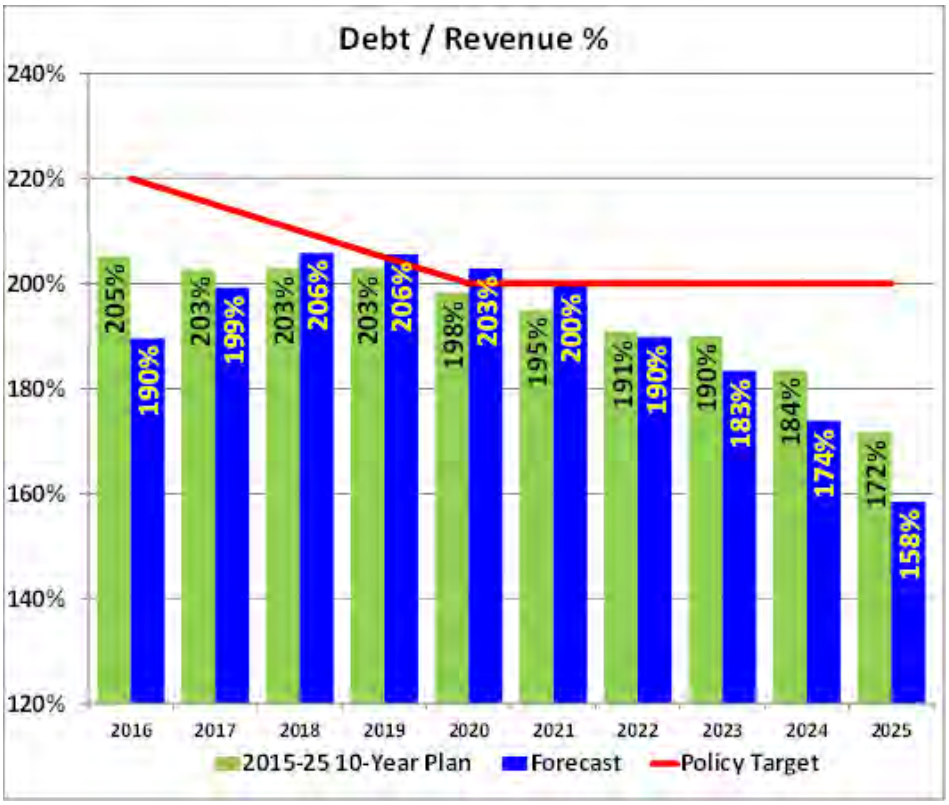
65. These costs are based on high level design developed by Shand Shelton and would need to be confirmed once the detailed design is completed. There is a relatively high degree of certainty.

66. The business case recommends immediate commencement because of the safety and structural issues, and the Theatre is no longer fit for purpose as expected by patrons and promoters. Founders Theatre is now closed and immediate action is required to minimise the amount of time it is out of action and unavailable for use.

67. The Council allocated $13.8m in the 10-Year Plan in years 2021/22 and 2022/23. If Council accepts the business case, the impact on the financial strategy based on a Council contribution capped at $14.96m spread over three financial years (2016/17 – 2018/19), is shown below. This scenario results in a breach of the Council's financial strategy (debt to revenue ratio shown in blue).

[3] If the construction work could be done sooner more costs from the 2018/2019 could move to the 2017/2018 financial year. That will be confirmed as part of the detailed design phase.

68. *Figure 1.*



The maximum Council could commit financially without breaching the financial strategy is $10m.

69. The current unknowns or risks are:

- The costs impact or otherwise of the seismic performance. This could have a significant cost impact.
- Construction cost escalation
- The business case requires external funding to be sourced. That may not be secured requiring Council to fund the entire project.

70. If the investment required by Council exceeds the $14.96m because the redevelopment costs are more due to seismic strengthening required or construction costs require more investment, the breach of Council's financial strategy will be greater or for a longer period of time.

71. Option B – Demolish and build a new Theatre

72. Under this option Hamilton would design and build a new performing arts venue on the current or a new site providing an updated 'like-for-like' theatre. A new build would enable the development of a purpose-built performance venue to meet the city and region's performing arts needs now and into the future.

73. If a new theatre is built on the existing site, demolition of Founders Theatre will be required as part of the construction process and timeline (demolition costs are likely to be approximately $300,000). Salvaged fittings and equipment from Founders Theatre may be reused if appropriate and assets such as the Ralph Hotere mural could be accommodated within the new facility.

74. There are a number of stages involved in the concept development and design of a new theatre, public and stakeholder engagement and the construction of the theatre. These stages will need to be set out in more detail.

75. Staff have not assessed in any detail an option to build a new theatre. Indicative costs suggest this could require an investment of between $48m - $52m for a "like for like" with costs increasing considerably for a more aspirational design. No alternative sites for a new theatre have been identified at this stage.

76. The Creative Arts sector have signalled they would strongly support discussions around building a new theatre and the opportunities that may present for the city and region's arts communities and audiences, especially if the cost to upgrade and refurbish Founders Theatre is significant ($20m - $30m). A new theatre was raised by some submitters during the 10-Year Plan public engagement.

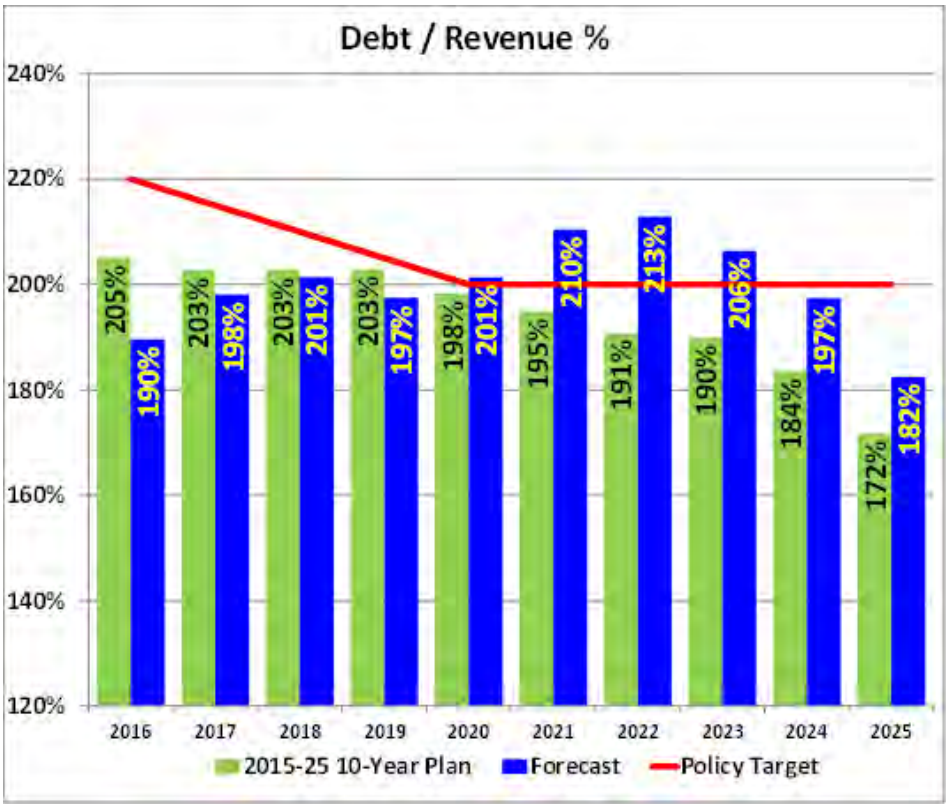
77. Estimates of the early process stages to consult on the community's requirements are estimated to be about $250k (theatre design and function brief).

78. In addition to a two to three year build time (based on general timeframes for construction of this nature), approximately 18 months is required for experts to prepare a suitable needs assessment, undertake appropriate public and community engagement, and develop a design brief so that high level design options and costings can be reported back to Council. A business case would need to be prepared. Overall this option is likely to take four to five years to complete.

79. It is not possible to assess the cost impact of a new build on the Council's financial strategy without more certainty over the likely cost, but using $52m as a guide, over three years (from 2019/20), the following graph provides an indication. This includes bringing forward the $13.8m already allocated in the 10-Year Plan. This scenario results in a breach of the Council's financial strategy (debt to revenue ratio as shown in blue). For comparison only, Figure 3 is a graph that shows the financial position if the cost for a new build was $60m over three years.

80. *Figure 2 – New Build at $52m cost*

81. *Figure 3 – New Build at $60m cost*



82. Option C – Permanently Close Founders Theatre

83. Under this option Founders Theatre would close permanently. Given the seismic issues, and/or to maintain the amenity of the location, demolition would need to be considered. There is likely to be an increased risk of vandalism and theft if the Theatre is unoccupied. Founders Theatre is situated on Reserves Act land and once demolished the land would revert to a use consistent with that status.

84. There is strong community use of Founders Theatre. Almost half of productions held are local community productions. Under this option, local shows and performers would no longer have access to the Theatre. Some of these productions could be performed at other city theatres but other theatres lack the requisite infrastructure needed to put on a professional-scale production, and all lack the size to accommodate the audience numbers necessary for most of these productions to be economically viable.

85. Permanent closure will have the following consequences:

- No further investment in the Theatre required by the Council beyond costs associated with decommissioning and demolition. Staff working at Founders Theatre are being redeployed but there may be some staff losses. The $13.8m allocated in the capital expenditure budget would be removed. The impact on the financial strategy (debt to revenue ratio) is as per Figure 4 below.
- It is estimated that 35-45 annual events equating to 105-135 utilisation days (based on an average over the last 5 years) will no longer be able to be held in Hamilton. Examples of national shows that will not be able to be accommodated in Hamilton include touring professional productions which require 600-1200 patrons for profitability such as the Royal New Zealand Ballet and the New Zealand Symphony Orchestra, and productions

such as Phantom of the Opera. Locally, the Hamilton Operatic Society which has a long performance history in the city will not be able to stage shows such as the recently cancelled Mary Poppins. The closest alternative venue for the types of productions noted above will be Auckland or Rotorua.

- Community groups that have used Founders Theatre in the past as the most suitable venue for their performances will need to find alternative venues.

86. Decommissioning costs have not yet been assessed – costs have been approximated only with the estimates ranging from $50k to $100k.

87. Closure of the Theatre would require that valuable assets (including the Ralph Hotere mural which is a nationally significant work), are removed and secured or, if not required disposed of.

88. The one-off cost of demolition and restitution of the site is unknown but could be approximately $300k. Subject to Council decision, demolition could be undertaken at any time.

89. The book value as at 30 November 2015 for the theatre building is $4.3m. This would require an entry in Council's accounts as a loss upon demolition.

90. Figure 4 is a graph showing the impact of permanent closure on the financial strategy with the $13.8m removed.

91. Figure 4

92. Staff do not recommend permanent closure for the following reasons:

- Permanent closure is not consistent with the Theatre's status as a strategic asset.
- Allocation of the $13.8m in the 10-Year Plan confirmed Council's commitment to providing a premiere regional theatre in Hamilton and staff have proceeded on that basis.
- The Hamilton City Theatres Review (The Stafford Report 2013) and the Waikato Creative Infrastructure Plan identify Founders Theatre as an important regional facility and have suggested the loss of this Theatre would create a significant gap in the region's creative infrastructure.

- Creative Waikato and Hamilton's arts sector have signalled strong concern that the loss of Founders Theatre would have significant and negative impacts on their ability to grow and profile performers, arts events, and audience participation in a wide range of performance activities. They also suggest that the permanent closure of the Theatre would be perceived as a lack of support for the Arts by Council.
- There may also be a negative impact on local business, most likely the hospitality and accommodation sectors, from reduced revenue due to a decline in visitor numbers attending performances in Hamilton. This impact cannot be easily quantified although the business case estimated current indirect fiscal benefits to the Hamilton economy at approximately $208k per annum.

93. Summary Table

94. The following table sets out the estimated capital and one-off cost to the Council of each option.

	Low	High	Covers
A – Redevelop Founders Theatre	$14.96m	$20.40m	Redevelopment over three financial years from 2016/17. Preparing for construction and a 15-month construction period from 2017/2018 to 2018/2019
B – Demolish and build a Theatre	$48m	$52m	Demolition, consultation, design and new build
C – Permanently close Founders Theatre	$50k	$100-300K	Decommissioning and demolition costs

95. Public Engagement

96. Founders Theatre is listed as a strategic asset within Council's Significance and Engagement Policy. A Strategic Asset is listed as:

"…assets or group of assets that the council needs to retain if it is to maintain its capacity to achieve or promote any outcome that it determines to be important to the current or future well-being of the community".

97. The inclusion of Founders Theatre as a strategic asset will require Council to engage with the public prior to such a significant decision being made.

98. The public were consulted about Founders Theatre during the 10-Year Plan, but since then more detailed information is available and there is more clarity about the costs involved. In addition, a decision to replace the Theatre could result in Council exceeding its financial strategy limits, which will require public engagement under the policy. The arts sector has signalled that they wish to see a public discussion about a new theatre build, given the significant cost associated with the refurbishment/upgrade.

99. Conclusion

100. The expert information received indicates that the issues with Founders Theatre are more extensive than the initial reports suggested and as a consequence more costly.

101. The costs as currently identified in the business case are more than the $13.8m included in the 2015-25 10-Year Plan and are at least $20m for redevelopment. It is possible that the costs

will be more for the reasons outlined in the report. The impact on the Financial Strategy is significant.

102. As a result of the likely costs, a new build is something the Council may wish to consider, however, considerable more work is required on this option.

103. There is a lot of discussion in the community, especially the arts sector, about the future of Founders Theatre. There is new information available since the 10-Year Plan public engagement and the public are keen to be heard before any final decisions are made. Staff are recommending that occur.

Signatory

Authoriser	Richard Briggs, Chief Executive

shand.
shelton

Theatre Architects and Theatre Consultants

FLYING SYSTEM REVIEW

FOUNDERS THEATRE
Hamilton

May 2014

Contents

1 Introduction

This Review has been requested by Sven Ludwig of Hamilton Venues as a result of varying concerns being raised over condition of the existing Flying System.

Shand Shelton was commissioned to undertake a Review of the Flying System installed in the Founders Theatre and to prepare a report on its findings. In addition Shand Shelton was also requested to undertake a Review of the Flying System at the Clarence Street Theatre. The Clarence Street Theatre Review has been covered in a separate report.

2 Founders Theatre

The Founders Theatre was originally constructed in the early 1960s. The stage house has a concrete structure with polished timber stage, concrete fly floors on prompt and op (op fly floor is at a slightly higher level that the prompt) and is linked via a narrow timber cross over walkway at the rear of the stage. The grid floor is constructed of back to back channels with hit and miss timber flooring (typical concept for walk on grids). The Flying System blocks are supported on the back to back channels. A light weight roof structure extends over the grid to form the stage house roof. Sprayed polystyrene has been applied to the roof surface to provide either acoustic isolation from rain noise and or thermal insulation. To supplement the handline Flying System, a Counterweight Flying System was installed in the early 1980s with the addition of a head block beam structure at Grid level, a loading gallery at high level on OP and counterweight guides introduced to part of the stage wall avoiding the doors on the OP side of stage. Minor additions and upgrades have taken place over time with replacement of 8 winches and more recently counterweight lineset battens being changed to 75 x 50 RHS steel

3 Background Information

Prior to our site inspection background information supplied was reviewed. This included:

Hamilton City Theatre Venues and Equipment – Founders Theatre
Theatre Systems & Design Ltd – Rigging 6 April 2010
Technical Services – Rigging Check doc for Founders Theatre
Founders Theatre Roof Structural Assessment 15 August 2011

4 Site Inspection & Subsequent Discussions

Shand Shelton undertook a site visit to the Founders Theatre on Monday 17 February 2014. In attendance were Kelvin Ballard and Paul Johns from Hamilton Theatres.

The site inspection undertaken looked at the main areas of the stage house relative to the Theatrical Flying & Rigging Systems. These included:

- Fire Safety Curtain
- Winch Linesets
- Counter Weight Linesets & Battens
- Handline sets & Battens
- Fly Floors & Loading Gallery
- Grid Level

A subsequent meeting was held on 19 May 2014 with Chad Hooker Director Operations, Richard Sutherland Theatre Manager, Sven Ladewig Technical Services Manager and Phil Conroy Shand Shelton to discuss the Draft Report and summarise recommendations. These have now been incorporated in section 13 of the Report with Rough Order of Cost estimates included in section 14.

5 Fire Safety Curtain

The Fire Safety Curtain is installed directly behind the proscenium arch between the auditorium and the stage house. A Fire Safety Curtain is typically designed as a fire resisting safety curtain, which upon release is capable of free fall. It relates to the proscenium arch so as to secure, in the event of fire, and efficiently smoke seal the proscenium arch opening when the curtain is lowered into position. In addition the Fire Safety Curtain aids with the prevention of panic. Given the date of construction of the Theatre two New Zealand Standards would have been applicable to the Fire Safety Curtain NZS1900 and NZS9232. These would have set the compliance and operational requirements for the safety curtain. The safety curtain is fitted with a manually operated drencher system which is designed to spray water over the curtain to retain in place in the case of a fire.

The inspection of the Fire Safety Curtain included review of the activation method, sealing of the curtain around the proscenium arch for smoke purposes as well as a review of the curtain fabric and rigging system.

The fire curtain was activated manually from the prompt corner and free fell to the stage floor gathering speed allowing the curtain to bundle on the stage floor until the counterweight took over and the system reached equilibrium to leave the curtain covering the proscenium arch opening. This action was dangerous and uncontrolled. NZS1900 Chapter 5 required the control of the Fire Safety Curtain to ensure that the bottom of it meets the stage without concussion when it is activated. This was not evidenced in the test and clearly no dampening is incorporated into the system. Had someone been underneath the Fire Safety Curtain it would have severely maimed them. This area must be addressed with some urgency to mitigate a serious harm injury occurring. (refer photo 1)

Photo 1

Review of the activation mechanisms indicated two methods to release the curtain in the event of a fire.

The available methods were:

Release via Manual Handle
Release via Drencher System activation

Release via Manual Handle requires manual release of the Fire Safety Curtain via leaver action in the prompt corner. There is no apparent safety catch to prevent false/unauthorised activation and therefore raises the potential risk of activation that could lead to a serious harm accident. (refer photo 2)


Photo 2

Release via Drencher System Activation appears to occur when the drencher system is activated. Staff are not aware if the drencher activation is manual or automatic, however we are of the view from our brief inspection that the drencher activation is manual and a conscious decision needs to be made to activate the drenchers. No fusible links were observed.

Safe operating procedures for the Fire Safety Curtain were not sighted nor the integration of the operation into the evacuation scheme for the Venue in the case of a fire checked. In light of the activation methods of the safety curtain, this needs to be addressed to ensure Health & Safety issues can be addressed and mitigated.

A review of the fabric used on the Fire Safety Curtain was undertaken. The fabric is a woven material and there is no tag to confirm material type or is flammability rating or specification. It is not clear if the safety curtain fabric is the original or has been replaced over its life span. The curtain does not seal against the proscenium arch to achieve either a fire or smoke seal.

To determine flammability properties a sample of the rear of the curtain was removed and ignited using a lighter. The fabric was easy to ignite and propagate flame whilst the lighter was held under it. When the flame was removed the fabric sample continued to smoulder and burn (refer photo 3).


Photo 3

From this simple test the suitability of the fabric used in the Fire Safety Curtain is questionable, as to its adequacy to restrict combustion and spread of flame. Clearly from the simple test undertaken it does not comply with the applicable Standards in place when originally installed.

Whilst the use of the drencher may assist in stopping the spread of flame the drencher operation is manual and appears to rely on human intervention. The flammable nature of the fire curtain fabric, as demonstrated by the test, is not acceptable and must be in our view addressed with some urgency.

The counterweight cradles and manual operation of both the house curtain and Fire Safety Curtain takes place from the prompt side of stage at stage level. The location of these restricts wing space in this area as well as access to the stage managers corner and the stage managers sightlines onto the stage. Typically the cradles and operation would be located in a more off stage position as has been the case in numerous recent venue upgrades.

A number of issues were identified during our inspection of the current counterweight cradle and associated guides. Some of these issues identified had been included within the previous reports provided for background information; however it would appear that limited action to rectify these has been undertaken. Issues identified that require addressing are:

1. Sheaves on pulleys are grooved at 28mm dia, however an 18mm dia rope has been used on the Fire Safety Curtain. These ropes should be 22mm dia as there is a risk of the rope coming off the idler pulley and jambing.

2. The rope on the House Curtain cradle is showing signs of wear and damage and must be replaced (photo 4)

Photo 4

3. The counterweight cradle guides appear to have a mica board lined with felt/carpet. These are showing signs of wear and carpet/felt becoming loose. The slop in the cradle guides and potential of carpet/felt becoming loose will cause the cradles to lock up and bind.

4. The handline to control the raising and lowering of the house curtain has been attached by means of wire rope dog. (photo 5). This is not an accepted practice and the wire dogs will damage the handline. This should be replaced with a thimble connection spliced into place as the hauling line for the counterweight system. (refer photo 6)

Photo 5

Photo 6

The current status of the safety curtain from a Compliance perspective is questionable. We did not review the Building Warrant of Fitness or Compliance schedule for the venue but would consider the

Safety curtain as a life safety system that should be covered by these documents and the regular inspections and maintenance regimes that these require. Replacement of the Safety Curtain has the potential to trigger a Building Consent if not handled in the correct manner and hold a possible abortive cost if a major upgrade of the venue is contemplated in the future. Any replacement Fire Safety Curtain should be motorised, be interfaced with the Fire Alarm System and be provided with manual override and dampers.

A detailed inspection of the house curtain drape was not undertaken, it was not evident as to the status of its fire proofing. This aspect should be checked and confirmed and the appropriate measures undertaken.

6 Winch Linesets

There are eight fixed position winch sets installed in the Venue. The winches suspend the five lighting (spot) bars and three tab tracks within the stage house. At the time the theatre was built this was a common installation in a venue with handlines due to the weights of the day for lighting (spot) bars and tabs being too heavy for handline sets. (Tabs approx. 100-120kg, lighting bars 200-300kg).

The winches are located and operated at fly floor level on the prompt side of stage. By virtue of the winch location at fly floor level the available drift (lift height) above the stage is limited to 8.6m, rather than the full drift height available (approx. 14.2m) within the stage house between stage floor and the grid. The winches are a drum type winch with the three 6mm suspension wires from each lineset connected to the single 8mm winch wire via a clew plate with swivel. The winch wires are in turn attached to a 75 x 50 RHS head batten. A chain as secondary means of safety is attached between the clew plate and winch beam. Winches currently installed are industry standard PWB Anchor rated at 500kg with auto brake mechanism complying with AS1418 and are a retrofit replacing the original Halls winches. The winches are attached to a purpose built winch beam that is bolted to the concrete stage house wall.

Opus in their Report of 8 August 2011, confirmed the structural capacity of this beam. We understand there has been no change to this since the Opus report.

Whilst the winches are rated by the manufacturer to 500kg (refer photo 7) it would appear that the winch capacity has been down rated to 300kg as per the Bridon Cooke tag attached to each winch. It is not clear why this downgrade has occurred. (refer photo 8) Interestingly the Grid Plan in the Venues & Equipment List for the Founders identifies the winch as 400kg so there appears to be some conflict within the documentation. If the 300kg rating of the winch is correct then the winches supporting the lighting (spot) bars are currently over loaded. A brief calculation of the load of a typical spot bar set up as observed during the site inspection, indicates a suspended load of approx. 420-460kg. This is some 120 to 160kg above the 300kg loading tag placed on the winch by Bridon Cooke.

Photo 7

Photo 8

It is also not clear if the required annual maintenance regime has been undertaken particularly around the functioning of the auto brake.

The down rating of the winch and the annual maintenance regime requires further investigation and clarification to reconfirm applicable load ratings and to ensure that the maintenance regimes recommended by the manufacturer is being undertaken. Inspections should also be undertaken on the 8mm winch line to confirm this is not damaged.

A review of the connections of the winch and suspension wires to the clew identified the following issues:

1. Swivels connecting the winch wire to the clew rated at 500kg, are of varying ages and in some cases these are binding and not able to swivel. This is an indication of potential over load and/or lack of maintenance. These require review and replacement as necessary.

2. Safety chains are connected to the winch rope eye rather than to the plate which is the accepted standard practice. (refer photo 9 and 10) Clew plates vary with some evidence of replacement, while others appear they are original Halls clews. There is no evidence of the applicable rating for these.

Photo 9

Photo 10

3. In some cases the wire suspension ropes are connected to the clew plate with wire rope (bull dog) grips. (refer photo 11) This does not comply with relevant standards and industry practice. Firstly, wire dogs should not be used in a load lifting situation (refer Approved Code of Practice for Load-Lifting). Secondly, only two wire grips have been installed instead of three, some wire rope grips have not been installed in the correct orientation. Connections to the clew should be a crimped, eye with thimble connected to the clew with a rated shackle. Removal of the wire dogs must be addressed.

Photo 11

4. The wire suspension ropes are showing signs of fraying as ends have lost their whipping. These should be replaced as they are at the end of their economic life.

Inspection of the various head block and grid block sheaves (pulleys) that the suspension identified a number of issues.

One set of sheaves has been replaced with a new style of sheave. (refer photo 12) This is correctly sized to suit the wire rope sets.


Photo 12

The remaining sheaves appear original. These do not have any load rating information nor are the grooves in these sheaves correctly sized to suit the wire ropes. In all cases the wire rope grooves are oversized for the wire rope. This can lead to incorrect wear on the wires and also the potential to jump out of the sheave, given fleet angles of wires (refer photo 13). Given the nature of the installation and the age of the components we were unable to determine if there were any signs of wear in the axiles of the sheaves or deformation in the check plates. It is very likely that when stripped down wear will be evident in the axiles.


Photo 13

The grid blocks are not aligned with the head blocks. As a result there are some significant fleet angles in existence. (refer photo 14) Whilst this can be addressed the fixed positioning of the winches does not provide for the flexibility required around the rigging system to vary the location of the lighting bars and tabs to suit each production or users specific requirements should these vary from the standard house set up. The available drift is limited to 8.6m also restricting what these winch sets can be used for.


Photo 14

The suspension wires that connect to the battens are in a number of cases connected using wire rope grips in a similar manner to the suspension wire to clew connection. (refer photo 15) These should not be used in a load lifting situation and in a number of cases are spaced and fitted incorrectly. These connections should be crimped, eye with thimble with rated shacked via chain to connect the head batten to the suspension wire and enable adjustability to level rather than relying on the adjustability being achieved through wire rope grips. This non-compliance issue must be addressed.


Photo 15

The battens that support the tab tracks are industry standard 75 x 50 steel box section (a recent upgrade). These are supported by means of bridle to the suspension wire, to reduce the dimensions between suspension points. Regardless of these the bridles, the number of suspension wires is one of the reasons why there is a limited distributed load and point load capability on the battens for these linesets. The limited load capability of the rigging systems is further discussed later in this Review.

Lighting bars are a steel ladder configuration with loose cables attached for distribution to theatrical luminaries attached. These are somewhat cumbersome and heavy; also a limiting factor associated with loading capacity.

The use of winch sets in today's proscenium arch theatres is very limited. The suspension of drapes, lighting bars and tabs is typically provided by means of counterweighted linesets, to ensure that these can be easily and effectively relocated to suit individual production requirements, as well as being able to fully utilise the available drift in the stage house loft.

The upgrading work undertaken to date, in our view, has been an adhoc approach and not addressed the non-compliance issues or the lack of load capacity.

7 Counterweight Linesets and Battens

A counterweight lineset enables scenic elements, drapes, lighting and the like to be suspended above the stage with ease and the load placed in balance for ease of operation by one person once rigged.

There are 24 counterweight sets (excluding the Fire Safety and House Curtains) installed in the Founders. A counterweight lineset comprises of the following components:

- Counterweight cradle and guides
- Counterweights
- Hemp operating line including idler assembly
- Rope brakes
- Grid and head block pulleys
- Suspension wires
- Battens

The existing system was installed in the early 1980s and appears to be a bespoke locally made system. It appears similar to the system recently removed from the Rotorua Civic Theatre as part of its stage house upgrade. No data is available on its construction and no manufacturers loading information is

evident. The Counterweight System only covers a certain portion of the stage area. Factors that impact on the set out and location of the Counterweight System include existing structure and the OP dressing room stage egress doors. The counterweight linesets are operated from fly floor level on the OP side of stage. The set out is inconsistent in terms of spacing and a large gap exists above the side entrance from the dressing rooms onto the stage. This gap also creates a Health & Safety issue when the counterweight system is being operated during pack-in and pack-out with the ability for counterweight to be dropped from above whilst loading and unloading of cradles occurs.

The counterweight cradle guides appear to have a mica board lined with felt/carpet. These are showing signs of wear with carpet/felt becoming loose or missing. The slop in the cradle guides and potential of carpet/felt becoming loose will cause the cradles to lock up and bind. The significant slop in the cradle guides has the potential for the cradles to connect with the adjacent cradles during operation. This has potential for not only noise but also depending upon speed the ability to dislodge a counterweight from one of the cradles and cause not only this to drop to the floor below but also place one of the linesets out of balance. These aspects need to be addressed.

Connections of the suspension wires and hauling lines to the cradles were checked. (refer photo 16) These were found to be in order; however it was noted that there are only three suspension lines per counterweight set. This has limitation on the load capacity of each counterweight lineset, particularly point loads. (Refer below for connection of suspension wires to head battens).

Photo 16

The "hemp" hauling lines for each lineset run through a rope lock mounted on a locking rail at fly floor level (refer photo 17), an idler block at stage level (refer photo 18) and head block at grid level. (refer photo 19) Whilst the idler and head block sheaves are sized for hemp ropes and the head block sheave is sized for the suspension wires, they both do not provide a means for keeping these ropes within the grooves on the sheave and there is potential for the ropes to 'jump out' of the sheave (refer photo 20). The guide on the base of the idler pulley face is somewhat agricultural and we understand that the hauling line ropes do jump off from time to time binding into the side of the idler block.

Photo 17

Photo 18

Previous reports have raised concern regarding connections of the idler pulley structure to the floor. This was not checked to confirm the required remedial work was undertaken.

Photo 19

Photo 20

An inspection of the rope locks indicated that no load rating is evident. The locking mechanism that clamps the rope in place is not grooved to accept the hemp hauling line and components that clamp onto the rope appear to be standard steel conduit fittings (refer photo 21) rather than specifically machined to cater for the rope. The components used in the rope lock overtime will damage the fibre of the rope. (refer photo 22) These need to be addressed.

Photo 21

Photo 22

The counterweights used are blocks of steel weighing approx. 13kg each. (refer photo 23) Although these are within the parameters for manual handling, they do not have hand hold grips or an adequate method for restraining within the cradle to avoid these either being dropped or bumped out of the cradle. The number of weights is limited therefore the overall capacity to balance any load applied to the system is also limited.

Photo 23

Head block sheaves are cast steel and grooved to suit the varying rope diameters, however the sheaves for the grid blocks are grooved for a larger diameter rope, rather than the 6mm wire suspension rope. The various grid blocks are not aligned with the head blocks, thus there are some significant fleet angles in existence (refer photo 24). With no keepers in place and incorrect sheave groove size for the wire rope, there is risk of ropes jumping out of the sheaves and jamming

themselves. (refer photo 25) No ratings are identified for any of the grid or head block sheaves. These should be replaced with the correct sheaves.

Photo 24

Photo 25

Inspection of the suspension wires confirmed that these are in varying conditions. Connection eyes on the suspension wires to attach the head battens to them are formed using wire rope (bulldog) grips. (refer photo 26) These do not comply with the relevant Standards and Industry Practice. Wire rope dogs should not be used in a load lifting situation and these connections must be through a crimped eye with thimble, connected with rated shackle and section of load rated chain to allow for height adjustment to the head batten clamp.

Photo 26

The use of three suspension wires on the counterweight linesets is also a limiting factor in the capacity of the counterweight linesets. Under current standards being used for Flying System design and installation the maximum distance between suspensions lines is 3600mm to achieve a UDL of 450kg per lineset or a maximum 250kg point load between any two suspension wires. On a batten of the length being used in the Founders a minimum of five suspension lines would be required. The current system in some cases uses bridles however this does not increase load capacity and limits available batten drift (available height for batten to travel between the stage floor and the grid).

There are a number of shortcomings and non-compliance issues with the current counterweight Flying System. The various upgrades undertaken on the system over recent years have been in our view maintenance rather than an upgrade and increase in the capacity or level of facility offered. The system is at the end of its economic life and in need of replacement.

8 Handline Sets and Battens

When the Theatre was originally constructed a hemp handline Flying System was installed (refer photo 27). This extended from the proscenium arch to the back wall of the stage house. Although the linesets were in a regular formation, the location of the battens over the stage can easily be relocated as the head and grid blocks are moveable within the back to back channel steel channel structure of the grid structure. At the time this was the typical standard in use for a handline flying systems in theatres worldwide particularly when the predominant uses was to hang painted backcloths and the like rather than heavy built three dimensional scenic units and other large and heavy tems of technical equipment which is the case today.

Photo 27

The handlines are sisal (Hemp) rope. Each handline set consists of three ropes running from the OP fly floor vertically up to the grid level through a three way head block and then out to the three single grid blocks, mounted in the back to back channels of the grid, one located on OP, one located on centre and one located on prompt. The ropes then drop down to the head batten where they are tied off and attached to the head batten via a shackle and steel horn that the timber head batten runs through. The timber head battens are laminated Oregon and appear straight and in good order. Operation is from the fly floor where ropes are tied off to the pin rail. The head battens are raised or lowered manually by pulling on the ropes or releasing from the pin rail to lower. The system is operated by a of two people on the basis that the 75kg loading for each lineset can be raised and lowered safety by them. In cases where the load exceeds this more people are used to assist the initial lifting of the load on counterweight bags are added to the lines, to provide assistance in show mode operation. This practice is fraught with degree of difficulty and danger as well as potential to add load to the handline system and structure placing it outside of the safe load limit set. This practice should be managed to ensure overall loading placed on the system remains within the 75kg loading per lineset.

The set-up is typical of a handline system; however there are some issues and areas of concern around this system.

The grid blocks and head blocks are fabricated from timber and sit into the grid channels. These are easily removable. The blocks however are not load rated. Their construction is core board timber, which in some cases is delaminating (refer photo 28) and the blocks do not seat fully into the grid channels to distribute load (refer photo 29 and 30). Because of the nature of the handline system, the loading capacity of the handline Flying System cannot be defined. Some suggested loadings have been identified and these are typically within the load ratings that industry has identified (not calculated). The age and condition of the wooden blocks is of concern and there are signs that some of these are failing. This is typical of this type of block and over the years these blocks have failed in other venues throughout New Zealand because of age and type of construction. Today these blocks

are very rarely seen in use as they have been replaced. We would suspect that the Founders are one of the last large Provincial Theatres in New Zealand where these are in use.

Photo 28

Photo 29

Photo 30

As with the winch linesets and counterweight linesets the current set out of the handline system leaves linesets with significant fleet angles between the head blocks (refer photo 31). This provides risk of ropes jumping off pulley, damage to ropes and blocks becoming damaged or failing.

Photo 31

An inspection of the handline head blocks also indicated varying locations of entry for the handlines into the block from the fly floor below with lines chaffing up against the steel grid structure. Again these leave potential for damage and failure.

The handline system installed is now some 50 years old and is outdated technology. There are no load ratings available for any of the components. The operation of the system is very manually intensive and reliant upon skilled operators who understand the dynamics of the system and loads to be carried. The skill set to operate a handline system is becoming rare with the more predominant availability Counterweight systems. As productions technical requirements change the loads required to be suspended also change and increase. The limited capacity that the handline system offers also makes these systems redundant. Throughout New Zealand and the world these systems have or are being replaced to address the limited load capacity of the linesets, Health & Safety issues such as manual handling, and the inability to load rate components.

In our view, the handline system in the Founders is no longer appropriate for a venue of this nature and requires replacement.

9 Fly Floors and Loading Gallery

These are located above stage level. The fly floors would appear original, albeit with modifications to introduce the Counterweight Flying System. The loading gallery above the fly floor on OP side of stage was an addition at the time the Counterweight Flying System was installed.

These spaces are working platforms and the Review has identified some areas that require addressing.

The fly floor that accesses the Counterweight System sits over the dressing room access doors. These doors are not protected and there is the ability for counterweight to be dropped through the various gaps.

The locking rail height at 600mm is too low. This should be ideally set at 700mm.

There is no mid height loading gallery between the fly floor and loading gallery to allow for trimming of loads on the Counterweight Flying System battens. The current configuration requires out of balance loads to be raised/lowered to enable counterweight cradles to be accessed at either fly floor or loading gallery to enable counterweight to be added or removed from the cradles.

Loading capacity for storage of counterweight on each of these levels is unknown.

No stair access is available from stage level to fly floor or from fly floor to loading gallery and grid level. The only access is via vertical ladders.

There is a high likelihood that these will require modification/relocation if the Flying System was replaced.

10 Grid Level

The grid sits over the top of the stage at roof level. (refer photo 32) The grid is a combination steel structure with timber hit and miss flooring. The structure is limited to both its capacity and its ability to have new systems installed to replace any existing items primarily because of its configuration and loading capacity.


Photo 32

The head block beam structure above the Counterweight System is somewhat cumbersome and its structure would appear to restrict the ability to support additional head blocks. Its loading capacity is unknown.

As the grid structure supports the various grid blocks for the winch, counterweight and handline sets it restricts the ability to use this structure for supporting point loads and the like when required. The current practice is to provide these from the light weight roof truss structure above. Opus identified that the roof structures load capacity to provide these is limited. The trend in new/refurbished theatres is to support the grid blocks off the roof structure and have the walk grid below free for working access and provision of suspension points. The structure of the existing grid would not support the installation of a new Flying System and would require significant modifications or replacement to facilitate this.

11 Load Capacity

Signage (refer photo 33) and the Theatre's information sheet for hirers and users indicates the following applicable loads:

Winches	300kg UDL
Counterweights	200kg UDL
Handlines	75kg UDL

Photo 33

Maximum point loads indications are:

Timber batten	25kg
Winch system	50kg

No point loading for the RHS battens of counterweight linesets has been identified.

As indicated above it appears the lighting bar winches are overloaded in accord with the UDL of 300kg identified on the Bridon Cooke tag, however the loads identified during the site inspection sits within manufacturers loading of 500kg for the winch. This requires further investigation.

To put the Founders Flying System capacity into perspective, below is a comparison of it with current system design brief loadings being used in for new installations in venues of similar size to the Founders.

Flying System Component	Founders	Current Design Brief
Winch lineset – UDL	300kg	450kg
Winch lineset - Point Load	50kg	250kg
Counterweight lineset – UDL	200kg	450 – 500kg
Counterweight lineset – Point Load	not stated	250kg
Handlines – UDL	75kg	N/A
Handlines – Point Load	25kg	N/A

The current system utilises a 3 wire/line suspension system. Based on the current venue, batten length of 13,500mm a minimum of 5 suspension wires would be required to achieve the current design brief load capacities.

The Opus Report of 15 August 2011 appears to have relied on the loading information provided in the Theatre's specification sheet for calculation of the capacity of the existing winch pulley structure, the roof truss structure and the grid structure beams. Utilising the raw information from Opus indicates that the existing stage house grid structure has capacity for the following load.

8 hand winches @ 500kg each	4000kg
50 handline/counterweight sets (back drops) @ 200kg each	10000kg
Estimated load capacity	14000kg

To fully understand the capacity the Theatre has available to suspend loads within the stage house it is necessary to deduct the "tare weight" of the empty winch sets, handlines and counterweights.

The tare weight is estimated as follows:

Winch sets for tabs 3No @ 90kg	270kg
Winch sets for LX bars (excl LX and cables) 5No @ 160kg	800kg
Handlines 24No @ 40kg	960kg
Counterweights 24No @ 90kg	2160kg
House Curtain and Fire Safety Curtain linesets (excl drapes) 2No @ 90kg	180kg
Estimate Tare Weight of Flying System	4370kg

Deducting the tare weight of the Flying System from the overall structural capacity reduces the capacity available to suspend load as follows:

Structural capacity	14000kg
Less Flying System tare weight	4370kg
Estimated available capacity to suspend load	9630kg

This capacity is then available for suspension over the stage of drapes, lighting, scenic elements and other items brought in on a show by show basis.

The structural house mask (legs, borders, tabs) House Curtain and Fire Safety Curtain as well as the standard house lighting rig is estimated to weigh.

Fire Safety Curtain	90kg
House Curtain	80kg
6No borders	120kg
6No sets legs	110kg
3 set tabs	200kg
1No blacks mother	60kg
1No Cyclorama	30kg
Lighting equipment and cabling Load to 5No spot bars	1800kg
	2490kg

Taking this into account the potential capacity available for a hirer to suspend items above the stage is limited to:

Overall capacity	14000kg
Less Flying System tare weight	4370kg
Less House mask and lighting equipment	2490kg
Estimated Load Capacity available to support user	7140kg

This capacity falls short of that typically being allowed for within recent new and refurbished Theatres both here and in Australia. Recent venues have structural capacity of between 25,000 – 35,000 kg dependent upon the system design and location of the venue. Given its position in the market, we would expect the capacity for the Founders to be at the upper end of this range.

The lack of capacity to suspend loads in the Founders afforded by the current stage house structure is a limiting factor in the Venue's ability to cater for current productions and potentially to support any replacement of the Flying System.

The seismic rating of the building is unknown and is not clear if any seismic upgrade is required. If seismic upgrading is required the design of this needs to take into account the specific requirements of the stage house and the manner in which it must operate need to integrate the Flying System into it.

12 Commentary on the Findings

The review and inspection has confirmed that the various components associated with the Theatrical Flying System contained in the Founders Theatre have reached the end of their economic life. There are a number of areas that do not comply with the NZBC, Codes of Practice/Standards and best practices within the Entertainment Industry.

These non-compliance issues include:

1. Fire Safety Curtain – operation, flammability and smoke seal
2. House Curtain Fire treatment – to be clarified
3. Use of wire grip dogs on hemp handing lines for House curtain and safety curtain counterweight cradles
4. Use of wire grip dogs on wire ropes being used in load lifting situations for winch and counterweight linesets
5. Lack of load rating information on components

There are also a number of Health & Safety issues that must be addressed.

1. Fire Safety Curtain Operation
2. Lack of Protection over the dressing room egress doors
3. Potential overloading of spot bar winches carrying lighting bars (requires further clarification regarding winch load rating (500kg) Bridon Cooke load rating 300kg)

Whilst these issues could be rectified, the systems are now some 35-50 years old and out of date and any fix will in essence be a band aid approach putting off the decision to upgrade and will lead to abortive costs. In addition taking on board Opus' report the existing loading capacity of the stage house structure appears to be limited. This is a limiting factor in any upgrading that can be achieved without upgrading the structure.

The use of winch sets in a proscenium arch Theatre to support the lighting spot bars and tabs are a legacy of the lack of ability for a handline Flying System to support these loads and enable these to be easily and safely lifted over the stage. The limited drift available of 8.6m and the fixed location of these limits the flexibility of the stage house relative to being able to reposition these where required suiting each productions particular requirements. Where this has been attempted grid blocks have been relocated causing resultant fleet angles and potential for operational failure of the system with wires running off the blocks. Any redeveloped or new proscenium arch theatre of a similar size to the Founders would not use winches as can be seen from the comparison chart with other similar size venues in New Zealand (refer Appendix 1).

The Counterweight Flying Linesets have no apparent calculated load rating. Components are not individually load rated, nor in some cases sized correctly for the application. The system appears of

bespoke manufacture and not a recognised manufacturers system. The set out and location of the system is limited because of the building structure and stage access from the dressing rooms. The use of wire rope (bulldog) grips to connect wires to the head battens does not comply with the relevant Codes of Practice and in some cases the number of wire grips used falls short of the minimums required where wire rope (bull dog) grips are allowed to be used. The system in our view is dangerous and requires replacement.

The handline Flying System is limited in its lifting and suspension capacity and in reality has become redundant with some productions not being able to perform in Hamilton because the limits of the system. Whilst lifting assistance is provided by use of counterweight bags attached to hauling lines this has the potential to add additional load to components particularly the wooden grid and head blocks which do not have any load rating and is loading the system in excess of the 75kg UDL identified. The blocks are showing signs of failure and loads are not being transferred evenly onto the grid structure placing the wooden blocks under concentrated loads with a greater degree of potential risk to failure.

The spacing and location of these linesets is dictated by the existing structure and openings onto the stage from the dressing room blocks. This impacts on the flexibility, effectiveness and efficiency of the ability of the stage house and Flying System to cater for today's productions and their requirements. Bottom line, the handline system installed in the Founders Theatre is old technology rarely seen in similar sized Theatres today and should be replaced.

To integrate any new Flying System will require the structure of the stage house to be modified. There is potential that replacement of the structure to support any new Flying System contemplated and the loadings that modern day Flying Systems provide for, and current productions demand may also be required. Although not part of the brief for this report, a review of the existing stage house dimensions indicates that the stage house geometry particularly the proscenium arch height, grid height, stage size including wing space should be addressed to make the Theatre more workable, particularly, if the structure has to be altered. The OP side of the stage access doors to the dressing rooms are not only a Health & Safety issue but also impose difficulties in the workability of the stage house as well as the Theatrical Flying System and it will be necessary to address this also.

13 Recommendations

As indicated there are a number of areas which must be addressed to rectify compliance and Health & Safety issues. This is in addition to the management and understanding of loads being applied to and suspended from the Flying System.

It is therefore recommended that the following remedial work be undertaken:

I Fire Safety Curtain
- a. Retreat or replace fire safety curtain to ensure flammability issue is resolved. If replacement is the only option, then design work will be required to ensure correct installation and ability to reuse in any upgrade is considered. There is a risk here relative to updated fire reports so this needs to be treated with some sensitivity.
- b. Review operation of fire safety curtain and introduce dampening system to ensure correct operation when the curtain is activated. Secure hand release to ensure accidental operation does not occur.
- c. Remove wire rope grips from hauling line and replace with timble connection or tie off to cradle – ensure operation not impacted by this change.
- d. Replace any wire rope grips on suspension lines.
- e. Address and confirm operation of drencher system.

II House Curtain
- a. Remove, clean and re-fire treat.
- b. Replace hauling line on counterweight cradle.

c. Replace any wire rope grips on suspension lines.

III Winch Linesets

a. Reconfirm applicable winch loadings to address difference between manufacturer's tags and Bridon Cooke. Remove lighting equipment from LX bars to bring total suspended load within reconfirmed loading for the winch set.
b. Replace clews and swivels.
c. Attach safety chains to clews.
d. Replace suspension wires between clew and battens to remove wire rope grips. New suspension wires to have crimped eyes with thimble to both ends connected to the clew with rated shackle to the batten and with rated shackle to load rated chain.
e. Remove all sheave axiles and check both check plates of sheave and axile for wear and replace. Ensure all blocks have missing keepers replaced.
f. Regularly maintain auto brake mechanism (must be undertaken by PWB authorised agent) and inspect 8mm non-directional winch wire to confirm not damaged.

IV Counterweight Linesets

a. Infill gap at fly floor level over OP dressing room doors to address potential Health & Safety issue.
b. Regularly inspect counterweight guides to ensure felt does not cause binding problems.
c. Inspect rope locks to ensure components are not damaging hauling lines. Ensure rope locks are used for locking linesets off from use and not for holding out of balance loads.
d. Realign all grid and head blocks to remove fleet angles of suspension wires at grid level.
e. Replace suspension wires between counterweight cradles and battens to remove wire rope grips. New suspension wires to have crimped eyes with thimbles at both ends. At batten end thimble to be connected with rated shackle to load rated chain.
f. Remove all sheave axiles and check for wear and replace. Ensure all block have missing keepers replaced.

V Handline Sets and Battens

a. Manage use of counterweight bags on linesets to ensure load remains within 75kg loading for each lineset.
b. Ensure loads that are suspended from the handline sets remains within the 75kg loading for each lineset identified.
c. Realign all head and grid blocks to remove fleet angles of handlines and clashes with adjacent blocks at grid level.
d. Inspect and remove any damaged wooden block and replace with new.
e. Check sheave axiles for wear and replace.
f. Regularly inspect handlines for signs of damage and chaffing.
g. Regularly inspect battens and handline connections to battens to identify any short comings or damage and rectify.

These recommended actions will only address the current compliance issues raised and provide, at most, another 2 years life for the system by which time it will require replacement fully. It will not address the potential of equipment failure given its age nor the greater issue that the systems have reached the end of their economic life and have limited load capacity. In addition the existing load capacity of the stage house's structure is limited. These facts combined are impacting on the Venue's operation and ability to meet the wide and varied demands of hirers, a number of which are bi-passing Hamilton.

14 Rough Order of Cost Estimate

To assist with the planning of the remedial works, the following rough order of cost estimates have been prepared.

I	Fire Safety Curtain			
	a.	Replace fire safety curtain	$35,000.00	
	b.	Introduce dampening	$5,000.00	
	c.	Replace hauling line	$750.00	
	d.	Replace wire suspension lines	$1,000.00	
	e.	Address operation of drencher system	$500.00	
				$42,250.00
II	House Curtain			
	a.	Remove, clean and re-fire treat	$1,500.00	
	b.	Replace hauling line	$750.00	
	c.	Replace wire suspension lines	$1,000.00	
				$10,000.00
III	Winch Linesets (8No)			
	a.	Reconfirm winch loadings	$500.00	
	b.	Replace clews and swivels	$1,600.00	
	c.	Attach safety chains to clews	Incl	
	d.	Replace suspension wires	$8,000.00	
	e.	Remove and check sheave axiles (by house staff material only)	$500.00	
	f.	Regular maintenance on autobrake mechanism (OPEX)	Nil	
				$10,600.00
IV	Counterweight Linesets (24 No)			
	a.	Infill gap at fly floor level	$2,500.00	
	b.	Regular inspections of counterweight guides (by house staff)	Nil	
	c.	Inspect rope locks (by house staff)	Nil	
	d.	Realign grid and headblocks (by house staff)	Nil	
	e.	Replace suspension wires	$24,000.00	
	f.	Remove and check sheaves axiles (by house staff materials only)	$1,000.00	
				$27,500.00
V	Handline Sets (22 No)			
	a.	Manage use of counterweight bags (by house staff)	Nil	
	b.	Ensure loads limited to 75kg	Nil	
	c.	Realign grid and head blocks (by house staff)	Nil	
	d.	Inspect and remove any damaged blocks. Allows For 5 sets of replacement	$10,000.00	
	e.	Check sheave axiles for wear and replace (by house staff materials only)	$1,000.00	
	f.	Regularly inspect handlines (by house staff)	Nil	
	g.	Regularly inspect battens (by house staff)	Nil	
				$11,000.00
		Subtotal		$101,350.00
		Professional Fees		$5,000.00
		Contingency Sum		$10,000.00
				$116,350.00 Plus GST

15 Conclusion

The position Hamilton currently finds itself in with the Founders stage house is not dissimilar to the position that other Theatres throughout New Zealand (main centre and provincial) have found themselves in over the past 20 years. Cities and towns such as Wellington, Christchurch, Dunedin, Palmerston North, Napier, Hastings, Invercargill, Gisborne, Ashburton, Marlborough, Gore and Waipawa are all examples. These cities and towns have all completed or are currently undertaking projects to upgrade not only their stage houses but their entire Theatres. These have been brought about by the need to address Health & Safety issues, replace and upgrade outdated equipment and facilities, as well as respond to the needs and requirements of the venue hirers, promoters, funders, patrons and the local/regional community. The decision in all of these cases has been based on a pragmatic approach taking into account not only current day requirements but also the future. In all cases increased utilisation of the Venue has followed completion of the upgrades.

Our review and inspection has confirmed that in our view the time has come for the Founders Flying System is now past the end of the economic life and Health & Safety issues exist. In addition we understand that promoters and hirers are by-passing Hamilton to other venues within the region that provide the level of facility that they require and demand. Whilst the Health & Safety issues can be addressed it does not address the greater issues that exist.

Solely replacing the existing winch, Counterweight and Handline Flying System with a new fully Counterweighted Flying System within the existing envelope utilising the existing structure will not adequately address the issues and will be a continuation of the adhoc approach taken to date. Limited structure capacity, insufficient drift between the stage floor and grid, implications of the OP dressing room access to stage and limited stage space will remain, and the benefits of any works or full replacement of the Flying System will not be realised. If this approach is adopted it will leave Hamilton and the Venue in the market at a similar level to current with increasing difficulty to attract product and promoters by-passing Hamilton due to the limited facilities not being able to meet their requirements.

Putting off the day of undertaking a full upgrade of the Venue's stage house will continue to compromise the Venue and not deliver the level of facility that is necessary for Hamilton to meet the needs and requirements of the hirers, promoters and patrons. In essence this approach has the potential to be an ongoing abortive cost both in the short and long term.

A considered, well briefed, planned, designed and coordinated approach is required to ensure the right result for the Venue and the people of Hamilton is delivered. The result must not only address the issues and shortcomings raised but must also fit within the Venues vision, strategic and business plans.

Appendix 1 – Comparison Chart

	Founders	Civic Invercargill	Opera House Wellington	Rotorua Civic Theatre	TSB Showplace New Plymouth	Hawkes Bay Opera House	Napier Municipal	Regent Theatre Dunedin
Width Proscenium Opening	12.64m	9.73m	9.4m	12.2m	8.93m	9.1m	12.0m	12.30m
Height Proscenium Opening	6.76m	5.57m	8.1m	7.2m	7.2m	7.2m	6.0m	8.0m
Width Stage wall to wall	19.74m	28.0m	21.9m	25.8m	21.71m (max)	19.65m	26.3m	26.30m
Width between fly floors	14.94m		17.5m	17.8m		13.478m	17.4m	22.3m
Height between fly floors	6.10m		7.56m	8.3m	7.4m		6.6m	8.0m
Height from grid to stage	15.44m	19.8m	15.86m	17.9m	17.8m	16.432m	16.1m	22.0m
From setting line to back wall	16.76m	19.8m	17.7m	12.6m	10.9m	13.0m	14.0m	13.5m
Counterweight sets	24No	76 No	79No	60No	45No	64No	54No	64 No
Handline sets	22No	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Tab tracks – fixed winch	3No	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Spot Bars & Counterweight Cradle Spot bars – fixed winch	5No	4No	5No	4No	4No	4No	5No	5No
Counterweight set capacity Uniform Distributed Load (UDL) Point Load	200kg -	450kg 250kg	450kg 250kg	450kg 250kg	450kg 250kg	450kg 250kg	450kg 250kg	450kg 250kg
Batten length	13.5m	16.0m		16.0m	12m	12.4m	16.0m	19.6m
Counterweights available	Unknown	25,000kg	25,000kg	25,000kg		20,000kg	13,850kg	21,000kg
Grid capacity	14,000kg	30,000kg	30,000kg	30,000kg		30,000kg		40,000kg

pwc.co.nz

Founders Theatre
Summary of Issues Report

Hamilton City Council

22 March 2016

pwc

pwc

Mr Richard Briggs
Chief Executive Officer
Hamilton City Council
Hamilton

By Email: Richard.Briggs @hcc.govt.nz

22 March 2016

Dear Richard

Hamilton City Council – Founders Theatre

We report our findings of the Founders Theatre documentation assessment. Our report is issued in accordance with the letter of engagement dated 7 March 2016

Our report is divided into an Executive Summary and our Findings.

When you have had the opportunity to review the report we would be very happy to discuss it with you.

Yours sincerely

Neil Haines
Partner
Auckland
T: +64 9 355 8625

Chris Alderson
Director
Auckland
T: +64 9 355 8103

Contents

Section 1 – Executive Summary

Introduction

This report sets out the findings arising from our assessment of documents and interviews with parties related to the Founders Theatre, in accordance with our Letter of Engagement dated 7 March 2016. Our assessment was performed during March 2016.

Key terms are recorded in the Important Notice at Appendix 1.

Background

The Founders Theatre, built originally in 1962, has been the subject of several reports over a number of years regarding its fit for purpose as a council facility. Recently a business case has been written with future options for the theatre for council consideration.

Safety issues have been raised with the theatre relating to the flying system, seismic assessment of the building and the fire curtain and as a result Council has decided to close it for the time being. Planned productions are being moved to other locations where possible.

Objective and scope

The objectives of this assessment were to:

- Review the reports as they relate to the Health and Safety of continued operation of Founder's Theatre.
- Clarify the main issues presented in those reports
- Lead conversations with the report authors to clarify any uncertainties and resolve inconsistencies.
- Recommend to Council the use of any third party engineers to resolve issues if required (as agreed by HCC) if appropriate
- Summarise the main issues and present findings back to HCC

Approach

Our approach to this engagement included:

- Reading reports supplied by HCC
- Meeting with H3 management, HCC property and Health and Safety management
- Conducting conference calls with the following:
    - Dunning Thornton – Alistair Cattanach
    - Shand Shelton – Phil Conroy
    - Securius Safety – Chris Woods
    - Holmes Group – Ian Matthew
- Visiting the theatre for familiarisation
- Reviewing relevant work practices documents
- Reviewing seismic evaluation documents and relevant legislation.

The documents supplied by Council are included as Appendix Two in the form of the contents page from the document pack.

Key messages

The decision to stop use of the flying system and close the building reflects Councils risk appetite when dealing with a public building of this age and nature. There are three main issues (flying system, fire curtain and seismic performance) with the building, any one of which would be enough to justify a prudent and conservative approach based on information available at the time to reducing the potential for a significant health and safety event.

There is a degree of interaction between the three issues as the flying system and fire curtain are connected and remediating either is dependent partly on any future work for seismic or other purposes. This in turn is dependent upon clarifying the seismic performance of the building.

Moving forward, more information is required regarding the seismic performance of the building to assess whether it can continue to be used in its current condition. Use/reinstatement of the flying system is a decision where Council would need to balance the possibility of a successful certification against the limited benefit of operating an older system with known limitations.

We have identified a number of key issue and decision points for consideration. These include the following:

A. In relation to the flying system

1. Flying system components (ropes and pulleys) had been improved since 2010 but full certification of its safe working load could not be verified unless the wooden frame from which all equipment is suspended has been certified by a qualified person. It is not certain that a certification would be obtained given the wooden nature and age of the structure. ***In the absence of certification the use of the system would not be permitted under existing and pending Health and Safety regulation as it relates to suspended loads.***
2. The flying system wooden frame and structure could be potentially replaced with a like for like certified solution, however this would require a detailed engineering assessment of the supporting structure joining the wooden frame to the building which may also require remediation.
3. However, even if the current flying system was replaced on a like for like basis it would still be of a design with inherent safety issues compared to a more modern design. These issues relate primarily to the counterweights not being at ground level with restricted stage visibility for the operators and the reliance on manual pulleys and tailings solutions.
4. Flying systems, where suspended loads are carried above workers (e.g. performers), are common worldwide and there is a New Zealand industry safe working practices guide which permits this practice only under controlled circumstances. However this work practice may not be consistent with the Health and Safety at Work Act's risk management regulations for suspended loads. Clarification should be sought from Worksafe.

Overall it would be difficult to justify certifying or replacing the flying system on a like for like basis based on the limited likelihood of finding an engineer willing to provide a load rating for the wooden frame or without significant structural change to the building. Even if this was achieved, then the system would still have known significant hazards. Better systems may however would require a reconfiguration of the stage house.

B. In relation to the fire curtain

1. We understand from discussions with the Council property representative that the current fire curtain was compliant with fire regulations at the time of installation, however any future substantial changes to the building may require a fire system review and a different approach to fire containment based on current regulations. The current fire curtain does not seal and has known hazards inherent in its operation (falls very fast to the stage floor).
2. The existing fire curtain is connected to the supporting frame of the flying system. Although the flying system has been largely decommissioned (pulleys and ropes removed) meaning less weight on the frame, there is still an unknown risk of the fire curtain being unsupported by the frame.

C. In relation to seismic performance

1. The seismic performance of the building is not currently known. The Initial Evaluation Procedure (IEP) assessment carried out in 2007 did not place the building in an earthquake prone category. However post 2011 (Chc earthquake) views on seismic performance could potentially challenge this earlier rating. This has been raised by two engineering firms in 2015 and 2016. *(Holmes and Dunning Thornton)*
2. Recent views on the buildings seismic performance at "around the 33% New Building Standard (NBS) level" were not based on completing an Initial Seismic Assessment (ISA - which replaced the IEP process) but on a visual inspection by an organisation with previous experience in seismic rating.
3. If a building is found to be at or below 33% of the NBS it is defined as an "Earthquake Prone" building and, based on its importance level, will be given between 5 and 20 years to bring to a level above 33%. In Founders case the appropriate timeframe would be 5-10 years from review date given the public nature of the facility.
4. There is no clear definition of what seismic performance level constitutes a "Dangerous Building" under the Building Act but precedents exist where buildings have been closed at the 15% of NBS.
5. Without a Detailed Seismic Assessment (DSA) the actual seismic performance of the building cannot be determined.
6. The Council has had opinions from professionals experienced in rating seismic performance that the building could be earthquake prone.
7. If the DSA finds a seismic performance is at a level consistent with precedents viewed as dangerous then it is appropriate that the building should remain closed. A level below 33% but higher than 15% (dangerous) would require remediation within 5-10 years. A level higher than 33% would not require any specific remediation for seismic purposes.
8. The Building (Earthquake-prone Buildings) Amendment Bill is before parliament currently which seeks to consolidate the approach to assessing buildings between Councils, however it would not appear to change the process, thresholds or approach required to assess Founders.

Section 2 – Detailed Findings

The Flying System:

The Flying System describes the combination of equipment used to move props, sets and sometimes people around the stage house. It consists of three main systems, mechanical cranes, counterweighted pulley systems and a manual block and pulley system. The issues with the flying system were documented by Opus in 2011, Shand Shelton in 2014 and Securius Safety in 2016 and relate to:

- The safe working load of the system.
- Maintenance of the system and issues with individual components.
- Certification of the system – now and ongoing annual certification, neither is currently in place.
- The safe working practices of the flying system.

Components of the flying system have been replaced post the Shand Shelton and Opus reports, however one key component, the wooden grid which the counterweight and manual systems are attached to, has not been certified as to its safe working load.

Without certification it is unknown what the safe working load is and therefore reasonable to adopt a conservative view of the risk of the system failing.

Use of counterweight systems is common in the theatre industry and there is a "Guide for Safe Working Practices" written by an industry group. There is no prohibition on moving or suspending loads over people, although this may require review by Worksafe to ensure compliance with current regulations.

The main issues with the current design are:

- Because of the current design the counterweight system, operators cannot see the stage and work under instruction from stage management (radio communication).
- The counterweights are not at stage level and must be operated on a gallery.
- The manual system requires two people, one to pull the other to tail, and hence is more prone to mistakes or injury for the operator.

The current options for the flying system are:

1. If the current wooden frame can be certified then a safe working load could be established and the system continue to be used. However the current inherent system's safety issues would still be present.
2. The current wooden system could be replaced with a certifiable new system, however the adjoining building structure would also require investigation to ensure it will support the new components. Note: A like for like replacement would not address the current systems inherent safety issues.
3. Stop using the flying system.

The Fire Curtain:

The fire curtain was reviewed by Shand Shelton in May 2014.

We understand that from the Council property representative that the fire curtain was compliant with fire regulations at the time of installation, which was probably around the around the time the building was commissioned. The strategy around the fire curtain was to provide a barrier between the audience and the fire source (i.e. the flammable material around the stage house). The fire curtain is not inflammable in its own right but depends on a water dousing system that sprays the curtain to improve its performance as a smoke and or fire barrier. The fire curtain would allow time for the audience to be safely evacuated from the building.

The fire curtain and dowsing system is operated manually and is attached to the same frame work as the flying system. It does not seal around across the top of the stage house so could be of limited effectiveness in preventing smoke from entering the auditorium.

It is counterweighted, but when tested by Shand Shelton did drop very quickly. The scenario of it dropping on a person and causing injury appears possible if it was triggered while somebody was underneath it. There is also the possibility that the supporting framework may not support the curtain and could fail. However given use of the flying system has been stopped this would reduce the risk. If the flying system was reinstated then then the engineering certification would also have to cover the safe working load of the fire curtain.

Any future substantial changes to the building, triggered by a consent process may require a fire system review and a different approach to fire containment based on current regulations. New fire regulations may require that the theatre adopt a different strategy to fire and smoke management with sprinklers and alarms throughout the building with less or no reliance on a fire curtain system. ***This would need to be clarified by Council through the fire assessment process.***

Building Seismic Performance:
The seismic performance of the building was reviewed or commented on as follows:

1. In 2007 an IEP was conducted on the building by GA Hughes & Associates. The building was rated at *"56% of NBS across and 80% along"*. This meant the building at that time was not rated as earthquake prone.

2. In 2015 a review of this IEP was conducted by Holmes Group in response to consideration of building permits being required at the theatre which raised questions around the 2007 assessment. The reviewer required justification as to why the 2007 assessor had used a "F Factor" of 2.5 in the IEP which meant that the building was judged as being 2.5 times better than other similar buildings of age and construction. A lower F factor would have dropped the % significantly. The reviewer also raised the issue that IEPs after the post Christchurch earthquake (2011) had a greater amount of scrutiny applied to them as a result of lessons learned.

3. In February 2016 Dunning Thornton consultants reviewed the theatre from the perspective of assisting with estimates for the future structural possibilities of the building (in support of Shand Shelton). During their review they commented and then followed up in writing with a memo which raised the following issues:

    a. The stage house was likely to be "around 33% NBS levels" – although no detailed IEP or IAS (the new process) calculations were undertaken. This was simply the engineer's view as a professional engineer used to dealing with seismic assessments.

    b. Through observation, the connections between the auditorium and stage house, the diaphragm (connection between walls and roof) in the auditorium and the walls themselves are all likely to perform at less than the 33% NBS level.

The seismic regulations are currently under consideration by parliament. The thrust of these proposed changes are to ensure there is a consistent approach in dealing with seismic performance in New Zealand.

Hamilton City Council's approach is broadly similar to other authorities in New Zealand being:

- All new buildings need to be built at 100 % of the New Building Standard (NBS).
- The new building standard is designed to ensure that buildings do not collapse based on a "standardised earthquake" taking place in New Zealand.
- The probability of an earthquake happening in that area is not taken into account.
- Older buildings are assessed against the NBS and a % is derived. This % informs the necessary next steps.
- In Hamilton, buildings were prioritised based on their use and potential exposure level. This prioritisation occurred prior to 2007 and resulted in the 2007 Initial Evaluation Procedure (IEP) for Founders theatre. The IEP process is mainly a high level inspection and desktop calculation based mainly on the construction of the building.

- If a building was at or below 33% of the NBS based on the IEP then the next required step is to undertake a detailed assessment. This ensures that only higher risk buildings are required to undertake this expensive exercise. As Founders was above 33% at the time it was not required to undertake a Detailed Seismic Assessment (DSA).
- If a building was above 33% but below 67% as mentioned above, no further action or remediation was required and the building was classified as an "Earthquake Risk" rather than "Earthquake Prone". There are many Earthquake Risk buildings throughout New Zealand, including public buildings with no plans for remediation.
- A building found to be Earthquake Prone (<34% of NBS) through the initial assessment is required to undertake a detailed assessment. If after that Detailed Seismic assessment (DSA) the building is confirmed as being below 34% then the owner has between 5-10 years to bring it above that threshold. Normal prudent targets for remedial work would be to achieve a result in the 60-70% level.
- If however the building is found to have a very low % after the DSA has been completed then it could be judged to be a Dangerous Building – under the building act and must be closed. There is no clear direction of what % constitutes dangerous in the building or related seismic codes, however there are precedents in Hamilton and nationally that show buildings at the 15% or below level can be considered to fall into this category.
- Although the building has three distinct components; stage house, amphitheatre and front of house, they are all closely connected and the lowest % of one of the elements should be taken as the overall rating of the building.

Conclusion

Although the 2007 assessment did not indicate that the building was earthquake prone, two subsequent views from engineers (who are both experienced in dealing with post Christchurch seismic assessments) require the Council to conduct further due diligence on the building. Until a DSA is undertaken, the question of whether the building is dangerous, prone or risky cannot be answered. Council have acted with a measure of prudence and conservatism to close the building until this question can be answered. Any future use of building should be dependent upon the results of the DSA.

Appendix 1 – Important Notice

- This document has been prepared solely for the purposes stated herein and should not be relied upon for any other purpose.
- To the fullest extent permitted by law, PwC accepts no duty of care to any third party in connection with the provision of this document and/or any related information or explanation (together, the "Information"). Accordingly, regardless of the form of action, whether in contract, tort (including without limitation, negligence) or otherwise, and to the extent permitted by applicable law, PwC accepts no liability of any kind to any third party and disclaims all responsibility for the consequences of any third party acting or refraining to act in reliance on the Information.
- We have not independently verified the accuracy of information provided to us, and have not conducted any form of audit in respect of the Service Providers. Accordingly, we express no opinion on the reliability, accuracy, or completeness of the information provided to us and upon which we have relied.
- The statements expressed herein have been made in good faith, and on the basis that all information relied upon is true and accurate in all material respects, and not misleading by reason of omission or otherwise.
- We reserve the right, but will be under no obligation, to review or amend our report, if any additional information, which was in existence on the date of this report was not brought to our attention, or subsequently comes to light.
- This document is issued pursuant to the terms and conditions set out in our engagement letter and the Terms of Business attached thereto.

Appendix 2 – Documents supplied by Council

Contents

Founders Theatre Redevelopment
Single stage business case

Hamilton City Council
Version 1.3

17/2/2016

List of Figures

List of Tables

Table of contents

1. Executive Summary

1.1. Introduction

This Single Stage Business Case (SSBC) proposes that $20.4 million is invested over the 2016/17, 2017/2018 to 2018/19[1] financial years for redevelopment of Hamilton's Founders Theatre to ensure it is fit for purpose and able to meet the cultural and societal needs for the Waikato in the decades ahead. The intent of this investment is to help ensure that the theatre is able to support productions that attract local and regional audiences to Hamilton and help foster a reputation of a city that has a vibrant cultural life. In addition, it will address outstanding safety and structural issues with the current building and its infrastructure.

1.2. The process used

This single-stage business case follows the New Zealand Treasury-endorsed Better Business Case (BBC) methodology, and is organised around a five case model to demonstrate that the investment:

- is supported by a robust case for change – the 'strategic case'
- optimises value for money – the 'economic case'
- is commercially feasible – the 'commercial case'
- how can it be funded – the 'financial case'
- is achievable – the 'management case'.

An Investment Logic Mapping (ILM) workshop was held to identify the objectives and to assess the full range of options for possible interventions.

Information has also been provided by the following professionals:

- Shand Shelton Architecture have provided theatre-specific assessment and design
- Dunning Thornton Consultants have provided engineering assessment and design
- The Giblin Group have provided a Revenue Generation Strategy for funding the project

1.3. The case for change

There are three major drivers for change at Founders Theatre – the safety of the theatre; addressing the current structural issues; and to make the Theatre fit for purpose by bringing it up to the standard expected by both patrons and promoters.

[1] This includes design during 2016/17

1.3.1. Safety concerns

The immediate drivers for change are the significant safety issues related to the flying system. The Founders Theatre flying system is outdated and has reached the end of its economic life. It has had over 50 years of continuous use with the resultant impact on the infrastructure and rigging.

There are two central issues:

- The weight the flying system can support can only be estimated and that capacity is dropping over time as key components wear. If it fails there are potentially catastrophic impacts, as items suspended from the flying system may drop onto the stage, endangering performers and audience members.
- The manual nature of the hand line flying system means it is more prone to human error than modern systems. This means that operators can suffer physical injuries from manipulating weights, and there are risks for those on the stage if mistakes are made securing or managing the loads as they are being moved.

Over time the safety risks to HCC employees (e.g. the stage house operators) and other theatre users (e.g. performers, audiences) has increased, and the consequences of failure have the potential to be catastrophic. The legislative health and safety risk is carried by both the Council and the touring productions, regardless of who are the employers.

1.3.2. Structural issues

Dunning Thornton Consultants conducted an initial engineering assessment[2] of the building in December 2015 to assess its structural strength and seismic resistance. A number of minor and significant issues were identified.

The main area of concern is the auditorium and its roof. The auditorium roof diaphragm[3] is an essential part of a theatre's seismic resistance, and in the case of Founders Theatre is almost absent in the existing building. Most notably:

- The front wall of the auditorium is extremely robust at the upper levels but its seismic resistance is compromised by the large number of openings at ground floor level.
- It is very likely that the capacity of the side walls is significantly less than the trigger levels for an earthquake-prone building.

The engineers believe a detailed analysis should be undertaken and recommend that a retrofit happen as soon as is practicable.

---

[2] This means that no detailed calculations have been done at this stage

[3] In structural engineering, a diaphragm is a structural element that transmits lateral load to the vertical resisting elements of a structure (such as shear walls or frames).

The stage house is well short of current code load capacities, but is fairly robust and is likely to have a capacity around the 33% NBS levels, which deem it to be earthquake prone. At this level of strength, it would normally be appropriate to continue to use the building for a set term of 5-10 years whilst planning for seismic upgrade. Further detailed seismic assessment would be required to determine exactly whether it was formally Earthquake Prone or not.

1.3.3. Fit for purpose

The value of the Founders Theatre as an asset for Hamilton lies in how it is used and how often. Attendance at Founders Theatre has been steadily declining; Figure 1 shows that since 2008/09 usage has declined from 107,000 patrons to slightly over 63,000 in 2014/15.

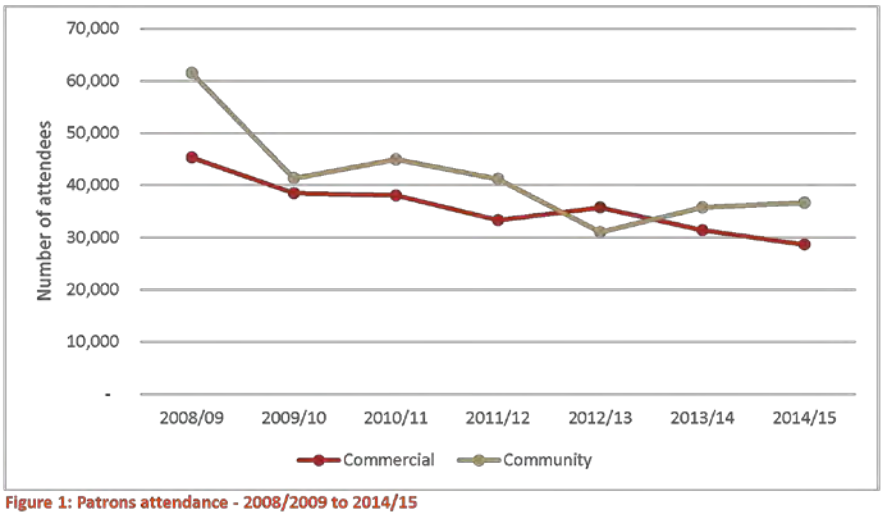


Figure 1: Patrons attendance - 2008/2009 to 2014/15

This decline in attendance compares poorly with trends in New Zealand; where nationally theatre usage has increased. Attendance is dropping for two reasons:

- The types of productions that Founder Theatre can support are steadily decreasing and are likely to decrease further, due to the additional safety restrictions that have recently been implemented to manage the risks associated with the outdated flying system;
- The expectations of theatre-goers are increasing while their experience at Founders Theatre is decreasing, due to the age and condition of the facilities.

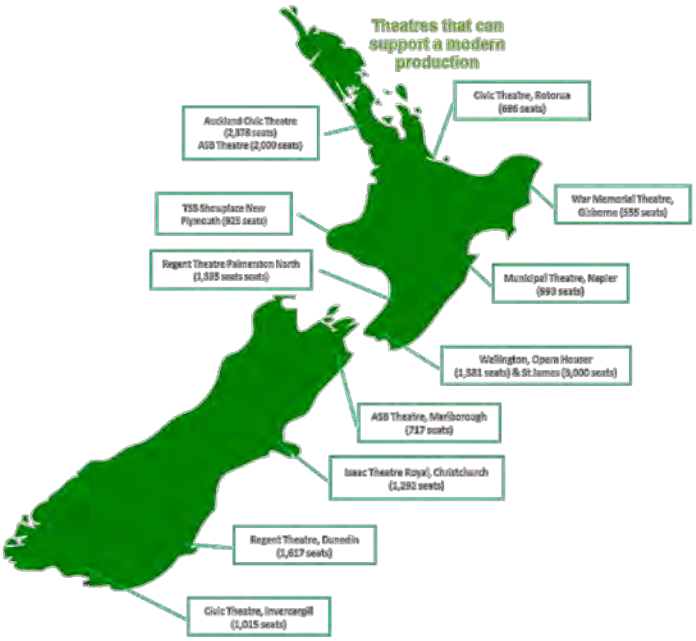
The ability to attract productions

Founders Theatre now falls well short of the standard of other venues on the national touring circuit, which negatively impacts on its ability to attract productions. The Theatre's current infrastructure, particularly in the stage area, increasingly does not support the needs of modern productions.

Since being built in the 1960s, the requirements for the productions staged in theatres have changed considerably, with increasing levels of production sophistication and the associated

demands on infrastructure. When the Theatre was first constructed, scenery was made of lightweight materials such as painted canvas, so a flying system that could support weight on one line set of 75kg was sufficient.

Over the last 20 years, stage houses around New Zealand have been either upgraded or replaced with new structures to meet the demands of current day performances and productions. Typically, flying systems have been replaced with new modern counterweight systems, rated to carry 450-500kg per line set. Production companies now build their scenic elements around an industry-standard permissible weight limit of 450kg.



To place the Founders Theatre in context of other theatres in New Zealand, an audit was undertaken to look at the venues that meet this standard and those that don't meet it[4]. The graphic to the right shows in terms of the sophistication of its systems, and therefore the sophistication of the productions that can be hosted. To the left, Hamilton's major theatre is only directly comparable with small towns such as Timaru and Masterton.

Changes to the way the flying system is used were put in place late 2015 to reduce safety issues, which has further reduced the theatre's attractiveness to providers. It is possible to further mitigate that risk, the use of the flying

system may have to be stopped altogether.

These actions will make the Founders Theatre more and more unusable as a Theatre.

If productions no longer come to Hamilton in favour of more sophisticated theatres in other regional centres, the cultural and economic benefits that would accrue to the city from a vibrant theatre scene will gradually be lost. The reputational risk to Hamilton as a major city with all the amenities that you would expect of such a city, is very high.

A reduced experience for theatre goers

Theatre goers are not getting the experience they expect of a modern theatre, and this reduces their patronage of Founders Theatre. The theatre experience is being diminished by the poor facilities in both the back of house and front of house. The back of house issues impact on both the choice of productions on offer and the quality of those productions when they come to Hamilton: *"There is not enough goes on, big acts." "It doesn't get enough things in it (not enough choice)"* - Source: 2013 Residents survey.

Inadequate front of house facilities affects the experience during the show, whilst waiting for the show to commence and at intermission. These include the quality of the acoustics, sight lines, poor amenities such as toilets, access to refreshments and factors that affect their comfort.

Comments from the 2013 Residents survey included:

- *"It's a sad place sometimes, with cold water in the toilets - good God, what century are we in."*
- *'It's just a bit tired.' 'It just feels a bit rundown. I think there is a re-vamp plan.'*
- *'Seating is cramped.' 'It's hard to pinpoint. I think when you compare it to the Events Centre, it's a bit old and quite dated. I don't quite like the seating in there*
- *'Just crowded entrance and ticketing was hard to get to. Don't seem to be able to cater to big crowds.' 'Maybe a little bit too small.'*
- *'I think the acoustics are not very good.' 'The sound system does not cater for those with hearing impairments'*

These issues will only be exacerbated over time.

1.3.4. Alternative venues?

A review of other theatres in Hamilton and the Claudelands Arena was undertaken to see if there are any viable alternatives to Founders Theatre.

We found Founders Theatre occupies a unique position in the performing arts ecosystem in the Waikato. It is the largest of the theatres, seating up to 1,249 patrons, and it is uniquely focused on providing a venue with the size and sophistication to accommodate the full range of musical,

theatrical, operatic and town hall-style events that are expected in a major New Zealand city. The next largest venue is Clarence Street Theatre with 550 seats, with the remaining theatres declining in size, down to The Meteor with around 200 seats. The nearest theatre of its size with the ability to host a similar range of production to Founders Theatre is in Auckland or Rotorua.

We looked at whether Claudelands Arena could fill the place of Founders Theatre. We found it is not configured to support theatrical performances, due to a number of structural challenges.

There are significant acoustic issues. Theatres are deliberately designed to be acoustically 'live' to bounce sound around in a way that is pleasing to the ear, while Claudelands Arena is deliberately designed to be acoustically dead to reduce echoes.

Claudelands Arena does not have the flying system or stage configuration necessary to meet the requirements of visiting productions. To permanently retrofit a stage and flying system in the existing space would be both logistically impractical and expensive. A flying system requires at least 21 meters in roof height above the stage, while Claudelands Arena currently has 17 metres. While it may be possible is to construct a new permanent stage house as an addition to the current building, this would be a major reconfiguration that would result in a stage that was a large distance from the audience, as well as significantly reducing the current access to the Arena for trucks.

The review concluded there are no viable alternatives in Hamilton.

1.4. Strategic alignment

The proposed investment is aligned with Council goals, the Hamilton Plan, the Hamilton Arts Agenda, Creative Waikato and the planned changes to zoning to create a vibrant city centre. It also meets Council obligations to provide a safe environment for its employees, visitors and residents.

1.5. Proposed investment

A range of options have been assessed, ranging from doing nothing through to building an aspirational purpose-designed performing arts centre in a new location. These options were tested against the following investment objectives, which were defined as part of the Investment Logic Mapping workshop:

- As soon as is practicable, provide a contemporary theatre environment that meets customer expectations of a quality regional venue by being capable of hosting national touring productions that develop a group of theatre-goers spanning across all performance genres.
- Maximise the value Founders Theatre delivers to the city and region, through the provision of an up-to-date venue able to attract a full range of performance arts, now and into the future.
- Provide theatre facilities, equipment and services that are market competitive and meet health and safety and compliance standards.
- Successfully integrate Founders Theatre as a key central city destination to support the Hamilton Central City Transformation Plan (CCTP).

It was also assessed against the standard Better Business Case critical success factors - strategic fit and business needs, potential value for money, supplier capacity and capability, whether the refurbishment is reasonably priced (affordability) and achievability.

The outcome of this assessment is a preferred option for Founders Theatre that will create a fit for purpose theatre (new capability). This means:

- Bring the theatre up to the standard of a modern theatre in a metropolitan area, in order to host productions that are currently bypassing Founders, or which are presenting compromised productions at the venue. In parallel, add functionality that increases the uses the building can be put to.
- Demolish and rebuild the stage house, refurbish and repair the structure of the auditorium, refurbish, expand and rationalise the layout of the foyer and improve the look of the exterior of the Theatre. This would address all the safety, structural and fit for purpose issues set out in the Shand-Shelton report.
- The council would continue to own, maintain and operate the Theatre. Any shortfall would be subsidised from rates as it is now.
- All changes would be made at one time, as a single stage project, which will minimise the closure period and resulting revenue losses.
- All costs of the chosen option would be shared by Council and a mix of other trusts, private funds or central government. Under this option the bulk of costs are likely to be borne by the Council.

1.6. Proposed costs and revenues

1.6.1. Capital costs and sources of funding

Shand Shelton have prepared detailed costs for the work to the building and the work to the theatre services (e.g. the flying system). Based on the costings, the exclusions and the uncertainties associated with the project, $20.4 million in capital funding is being sought through this business case, subject to the completion of the revenue generation, detailed design process and the tendering process.

The costs would be phased as follows:

- 2016/17 - $2.25m covering detailed design, commencing the funding process, consenting and tendering
- 2017/2018 - $8.4m covering the construction costs in the financial year[5]
- 2018/2019 - $9.75m covering the remaining construction costs, technical refurbishing and completing costs.

[5] The time taken to undertake the refurbishment is estimated to be estimated 15 months.

Giblin Group has been engaged to look at external funding sources. It has developed a Revenue Generation Strategy (RGS), which examines the opportunities in detail and has identified $5.44 million in potential external funding from a range of diverse sources

The following graph demonstrates the identified funds from each funding sector. If approved, Council's contribution would be two-thirds of the total project cost - $14.96 million toward an estimated project cost of $20.4 million. This puts the project in a good position to approach external funders as it demonstrates strong support for the project from the local authority. The remaining third is made up of external funding sources.

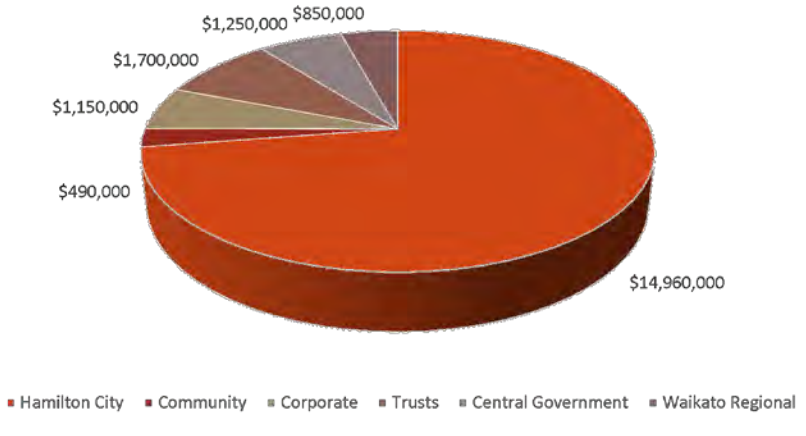


Figure 2: Founders Theatre Redevelopment - Funding Sources (Source RGS Giblin Group RGS)

1.6.2. Operational costs

The direct costs of operating the Theatre were assessed and three scenarios developed to see what the impact would be on the costs and revenue from the refurbishment. The scenarios are:

- No refurbishment is undertaken ('Do Nothing")[6]
- The refurbishment occurs in the timeframes in the current Long Term Plan (LTP) - 2021-22 and 2022-23 ("Refurbish 2021-2023")
- The refurbishment is undertaken as proposed in 2017/2018 and 2018/2019 financial years ("Refurbish 2017-2019").

A number of assumptions were made about the level of expenditure needed. The results are shown graphically as follows. The vertical axis shows the level of expenditure.

[6] In the "Do nothing" scenario there will an increase in spend and a decrease in revenue over time.

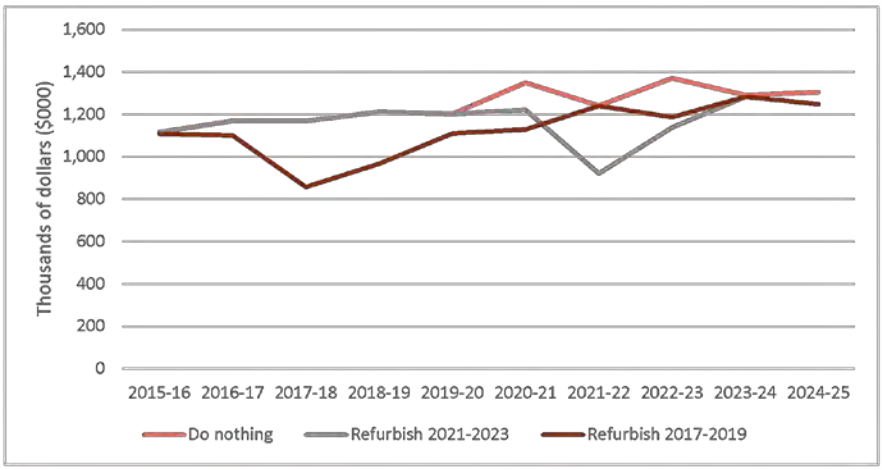


Figure 3: Changes in operational costs needed

Overall the operational costs of Founders Theatre for each scenario are projected to be fairly similar.

1.6.3. Indicative revenues

The indicative revenues for the theatre were also assessed for the same three scenarios.

Under both refurbishment options, revenue declines markedly during the estimated 15-month period of the refurbishment, then recovers to much higher levels than the "do nothing" option. Further, the refurbishment reverses the declines expected under the current state due to the compounding effects of the safety provisions, gradually reducing numbers of touring productions, and the resultant reduction in patrons as the venue becomes increasingly unattractive and worn.

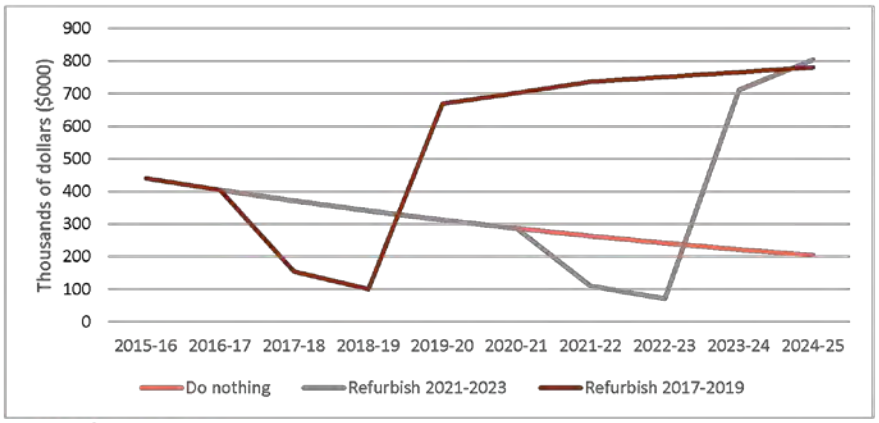


Figure 4: Indicative revenues

1.7. Proposed benefits

The proposed benefits are divided into three categories: direct fiscal benefits to the investor; indirect fiscal benefits to Hamilton City; and the intangible benefits.

1.7.1. Direct fiscal benefits to the investor

Founders Theatre's operating budget currently runs an annual operating deficit of around $600K to $650K. When the indirect expenditure, such as depreciation and costs of financing, are taken into account this deficit is even greater. Therefore, in purely financial terms, the investment is highly unlikely to show an operating surplus.

However, this is not unusual in a Theatre, and is typical of performing arts venues across New Zealand, except for a very small number of venues in Auckland. Largely this is because theatre profitability is linked to how long productions are able to run, which in turn is linked to the total size of the population catchment. Like every centre outside the Auckland region, Hamilton does not have the population to sustain long running shows.

Therefore, the focus of the financial modelling was to see what impact refurbishing, or not refurbishing, would have on the operating deficit and to what extent the ratepayer would have to subsidise the Theatre.

The modelling showed that the Theatre will continue to run a deficit, regardless of whether it is refurbished or not. However, the level of deficit reduces following a refurbishment because of the increase in revenue and decrease in direct costs. The sensitivity analysis shows that this is the case even if projected revenues are 20% lower than has been projected.

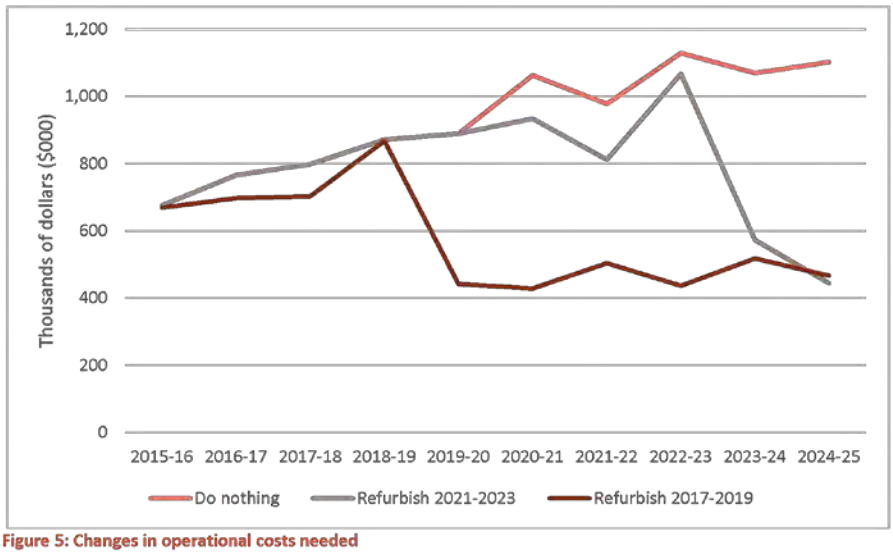
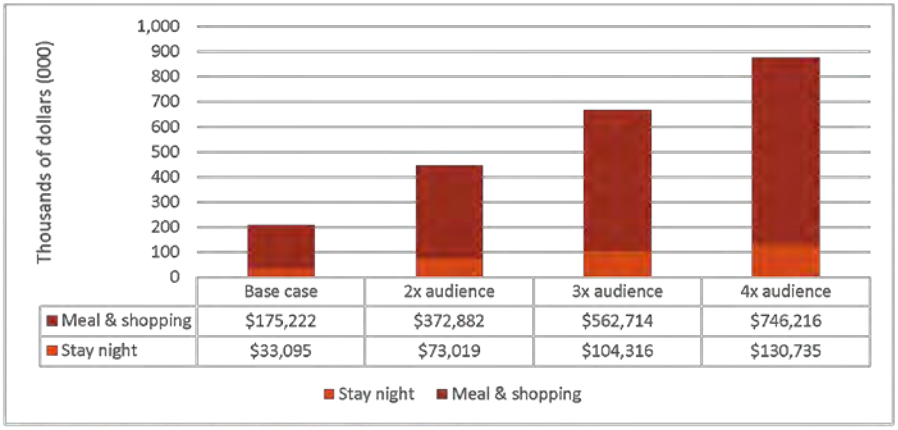


Figure 5: Changes in operational costs needed

1.7.2. Indirect fiscal benefits to Hamilton city

We looked at whether there might be any indirect benefits to the Hamilton economy from undertaking a refurbishment. We modelled the impact of more people from the Bay of Plenty and Gisborne regions travelling to Hamilton to see a show at Founders; the analysis looked at doubling (6,000), tripling (9,000) and quadrupling (12,000) the people visiting Hamilton from these regions, with a mix of overnight and evening-only visits

The following graph sets out the indirect benefits to the Hamilton economy. Currently the indirect benefits are estimated at $208k per annum; if the number of patrons increased fourfold then benefit could rise to almost $877k[7].



	Base case	2x audience	3x audience	4x audience
Meal & shopping	$175,222	$372,882	$562,714	$746,216
Stay night	$33,095	$73,019	$104,316	$130,735

Figure 6: Potential indirect economic benefits to Hamilton

1.7.3. Intangible benefits

Hamilton's arts sector plays a key role in Hamilton's identity. Founders Theatre is central in supporting Hamilton's performing arts sector as it is the only theatre capable of hosting large scale productions. Should the investment be made in the Theatre, Hamilton will have a fit-for-purpose building that:

- Provides a safe venue for HCC employees (e.g. the stage house operators) and other theatre users (e.g. performers, audiences);
- Social and community amenities in Hamilton that are comparable with other cities of its size;
- Benefits for performers, particularly local performers – Founders has a strong community usage;
- Strengthened community engagement in Hamilton;

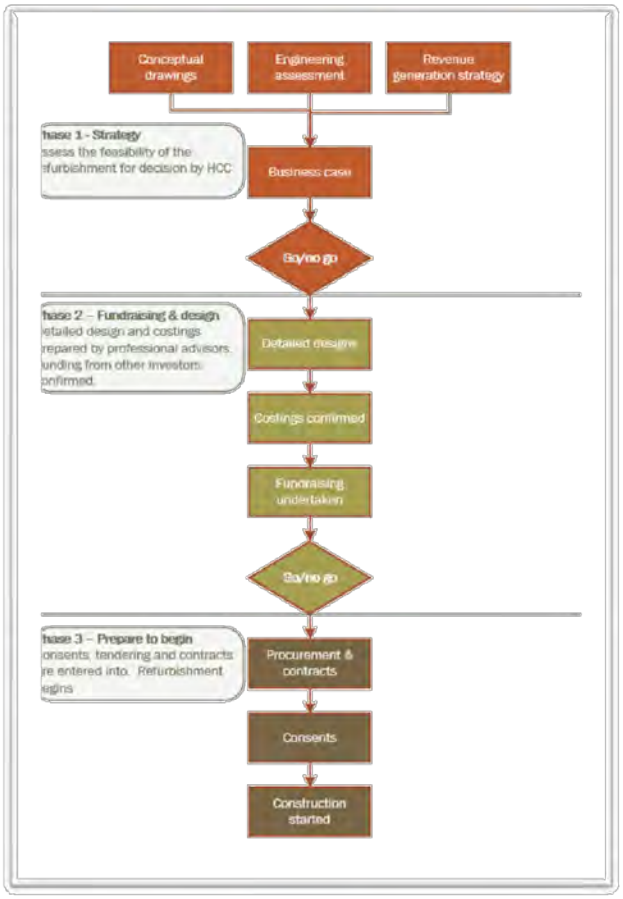
[7] Doubling people visiting Hamilton from these regions would have an indirect benefit of $$446k and tripling an indirect benefit of $667k.

- Reputational benefits as a cultural hub, building on Hamilton's reputation as a destination for cultural events, rather than as a city that requires residents to travel elsewhere for major social events.

1.8. Recommendation and next steps

Given the desirability of Hamilton having a fit for purpose, safe and structurally sound theatre, it is recommended that:

1. The Hamilton City Council invest $20.4 million in the 2015/16, 2016/17 to 2018/19 financial years to upgrade and extend the Founders Theatre. This is subject to the completion of the detailed design process and successful fund raising.
2. A staged approach to approving the investment should be considered, as shown in the diagram below. This is intended to manage the financial risk to the Council.
3. A single stage construction approach is used, commencing in 2016 and concluding in March 2019.
4. The upgrade is managed in accordance with the Council's project management methodology to ensure that the required objectives – for time, cost and quality – are met, and that the risks associated with making significant changes are managed effectively.



2. The Strategic Case – Making the Case for Change

Founders Theatre is Hamilton's leading and largest performing arts venue, and services the wider Waikato region. Built in 1962 by public subscription, it was the first new theatre of its kind and size in Australasia since the 1930s. It is a proscenium arch[8] style theatre with a fan-shaped auditorium and a capacity of 1,249 patrons.

It is owned by the Hamilton City Council (HCC) and operated by H3, a unit within HCC responsible for securing events and managing a range of event venues in Hamilton city.

Upgrade of the theatre has been included in the 10-year Long Term Plan, with provision for any potential development work to start in 2020/21. However, challenges with the flying tower – which is coming to the end of its life – and uncertainty of the strength of the stage house which supported the flying system, mean that it is anticipated that touring productions will need to be turned away if the stage house/flying tower is not upgraded sooner. [9]

Accordingly, the Council asked that in the 2015-2016 financial year an investigation into remedial and/or re-development work for Founders Theatre be undertaken, and that a business case be written to establish the viability and options for an earlier upgrade.

The purpose of the business case is therefore to analyse in more detail the options and benefits that could flow from the proposed expenditure. If a case can be made to do so, and Council were to agree, work could commence earlier, which could result in benefits for the viability of the Theatre and positive outcomes for Hamilton.

2.1. The local context

Hamilton is the second fastest growing city in New Zealand, with only Auckland growing at a higher rate. Some 160,000 people live in Hamilton, with a further 300,000 people living within easy distance of the city. Hamilton's population is estimated to increase to 208,800 by 2033.

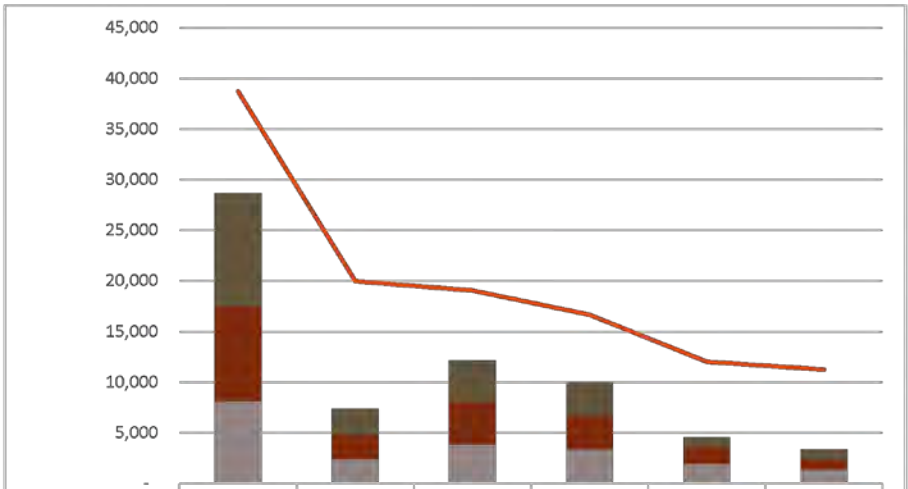
[8] The proscenium is the area of a theatre surrounding the stage opening. A proscenium arch is the arch over this area.

[9] Council minutes 9 December 2014

Hamilton has a relatively young demographic, with a median age of 32. Over the next 25 years the age distribution is projected to remain relatively static with a slight increase in over 65's - from 11% of population to 16% (compared to 21% in the Waikato region as a whole).

2.1.1. Interest in the Theatre

The 2014 Creative Arts survey looked nationally at the percentage of people by age who attended one or more of the performing arts. Most interest was in those younger than 29 and older than 39. Figure 7 shows what happens if those percentages are applied to Hamilton's age profile. The line shows the population and the proportion of interest in different types of performing arts by category.



	15-29	30-39	40-49	50-59	60-69	70+
dance	11,236	2,597	4,196	3,334	961	1,014
musical	9,299	2,397	4,196	3,334	1,682	1,014
theatre	8,137	2,397	3,815	3,334	1,922	1,352
Population	38,746	19,974	19,073	16,670	12,014	11,264

Figure 7: Interest in performing arts from the 2014 Creative Arts survey applied to Hamilton's age profile.

The creative survey also looked at interest and participation in the performing arts for young people younger than 15. Some 36% of young people dance, sing or perform. Their interest in performing arts is increasing – from 21% in 2011 to 28% in 2014. Most young people say that they participate because they love doing it and because it makes them happy. This interest and participation may well translate into increased future audiences.

Over time the current theatre-going demographic is expected to steadily increase, so that by 2043 there are expected to be 30,000 more theatre-goers under 64 than there were in 2013. If quality productions can be accommodated, the demand for theatre facilities is likely to increase at the same rate. There is also an opportunity to appeal to younger audiences to increase the pool of theatre goers.

2.1.2. Changes to the area around Founders

Over the next 10 years Hamilton plans to create a prosperous commercial centre with a vibrant metropolitan lifestyle. Three zones will be created within the central city area, one of which is the Victoria zone where the Founders Theatre is located.

Over time the Victoria zone will be transformed into a predominantly medium-density residential area, with mixed use activities supporting the living environment. Victoria will be a "20 Minute" neighbourhood, providing residents with access to services, work and entertainment to support inner city living all within a 20-minute walk. The key cultural assets in or close to the central city include Wintec, Museum, Theatres, Library, Stadiums and Claudelands. As peoples' connection to the arts increases, there are additional opportunities to increase Founders usage and to integrate the building more into the community by providing daytime uses.

2.1.3. Hamilton's other Theatres

There are seven dedicated theatres in the Hamilton area – Clarence Street Theatre, The Meteor, Riverlea Theatre, The Gallagher Academy of Performing Arts (three theatres), and Founders Theatre. All these venues are configured differently and can accommodate a variety of productions and audiences. There are also a number of high school halls, which for the purposes of this business case have not been considered as they are not able to stage visiting productions.

Table 1 sets out the key characteristics of the seven theatres. Founders Theatre occupies a unique position in the performing arts ecosystem in the Waikato; it is the largest of the theatres by far, seating up to 1,249 patrons, and it is uniquely focused on providing a venue with the size and sophistication to accommodate the full range of musical, theatrical, operatic and town hall-style events that are expected in a major New Zealand city. The next largest venue is Clarence Street Theatre with 550 seats, with the remaining theatres declining in size, down to The Meteor with around 200 seats. The nearest theatre of its size with the ability to host a similar range of production to Founders Theatre is in Auckland or Rotorua.

Theatre	Founders	Clarence Street Theatre	The Meteor	Riverlea	The Academy: Dr John Gallagher	The Academy: Playhouse:	The Academy: Te Whare Tapere Iti
Theatre type	Proscenium Theatre	Proscenium Theatre	Flexible/Black box	Flexible theatre	Concert Chamber	Flat floor	Flexible
Capacity (Theatre style)	1,249	550	200	150 (approx.)	340	183	50-150
Stage size	323 sqm (19m x 17m)	227 sqm (19m x 11.6m)	Flexible stage	Flexible stage	128.4 sqm (19m x 17m)	142.56 sqm (19m x 17m)	180 sqm (19m x 17m)
Flying system	Handline and counterweight flying systems and winches for lighting bars	handline flying only and winches for lighting bars	No	No	Winch bars for lighting	Winch bars for lighting	Fixed lighting
Dressing rooms	Yes	Yes	Combined Green Room/lounge only	Wardrobe room only	Green Room	Green Room	Green Room
Foyer space	Large foyer with food/bar space	Limited space	Moderate but needs upgrading	Limited space	Large foyer (serves all Academy theatre)		
Food & beverage	Yes	Limited	Limited	Yes	Food & beverage		
Key user groups	Commercial & Community	Commercial & Community	Commercial & Community	2 in house production companies	University and Commercial		
Ownership	Council owned	Clarence Street Theatre Trust Land is Council owned	One Victoria Trust Land is Council owned	Building gifted to a trust Land is Council owned	University of Waikato (Council has invested in and still pays part of the operating budget)		

Table 1: A comparison of Theatres in Hamilton

Between late 2012 and late 2014, the Council reviewed the City's theatre assets[10] – Founders Theatre, The Meteor and Clarence Street Theatre. The review explored the city's future theatre requirements and assessed whether the Council-owned theatres, at the time, met the needs of the city, its residents, and its performing arts community. As an outcome of the review, both The Meteor and Clarence Street Theatre buildings were gifted to trusts to own and operate. The decision was made to retain Founders Theatre, and as part of the Council long term plan it was scheduled for upgrading with provision for any potential development work to start in 2020/21.

This decision has resulted in challenges for both the Meteor and Clarence Street Theatre. The buildings are owned by non-profit trusts. Each trust has two years to become financially self-sustaining, but the buildings require earthquake strengthening, which represents a considerable financial outlay. In the event that the Meteor Theatre or the Clarence Street Theatre are unable to remain viable, ownership will revert to the Council. The Council has previously stated an intention to close the theatres if this occurs.

2.1.4. Claudelands Arena

Beyond the purpose-built theatres in the region, there are performance spaces available at Claudelands Arena, which is a flexible multi-zone conference and exhibition facility. It has a 6,000-capacity entertainment arena, "the Arena", that hosts, in addition to traditional conferences and exhibitions, performances such as live concerts and events such as Disney On Ice.

However, Claudelands Arena is not a theatre and is not configured to support theatrical performances, due to a number of structural challenges.

[10] Hamilton City Council Theatre Review – prepared by the Stafford Group 2013

From a performing arts perspective, there are significant acoustic issues with the way the exhibition spaces are designed. Theatres are deliberately designed to be acoustically 'live' to bounce sound around in a way that is pleasing to the ear, while Claudelands Arena is deliberately designed to be acoustically dead to reduce echoes. This is necessary in facilities that host large noisy events and crowds, but in the context of live performances an acoustically dead venue forces the use of amplification. This requirement for amplification means that some musical and theatrical performances that rely on acoustic instruments or natural propagation of sound cannot be staged at Claudelands Arena.

Claudelands Arena does not have the flying system or stage configuration necessary to meet the requirements of visiting productions. To temporarily rig a configuration that will provide a suitable stage and flying system is expensive. Following the Christchurch earthquake, a similar venue was used by the Royal New Zealand Ballet (RNZB) for their performances, and the cost to set up a temporary stage added some $120,000 to the production costs. This equates to an additional $60 for each ticket, based on normal attendance figures, on top of the usual admission fee, which prices the ticket out of the reach of many people.

To permanently retrofit a stage and flying system is not possible in the existing space. A flying system requires at least 21 meters in roof height above the stage, while Claudelands Arena currently has 17 metres. It may be possible is to construct a new permanent stage house as an addition to the current building, but this would be a major reconfiguration that would result in a stage that was a large distance from the audience, as well as significantly reducing the current access to the venue's largest exhibition hall for trucks.

While Claudelands Arena can and does host large music concerts and specialist productions, its role is complementary to rather than a replacement of Founders Theatre. The net result is that Founders Theatre is Hamilton's only large purpose built performance theatre venue and Claudelands Arena is Hamilton's primary large

Flying system

A flying system is located above the stage. It holds elements that support a production in place and allows them to be changed quickly by being hoisted quickly and quietly into the space above the stage and out of view of the audience. These elements include curtains, lights, scenery, stage effects and, sometimes, people (e.g., in *Peter Pan*). They suspend the lighting bars above the stage, the masking drapery around the perimeter of the visual scene and other devices such as tab tracks, house curtain and fire safety curtain.

The flying system is made up of a system of *lines* (e.g., ropes), *blocks* (pulleys), *counterweights* (in Founders Theatre case only for the part of the system) and related devices. The scenic elements are suspended from battens, which in turn are attached to a grid which supports the weight of multiple battens. Each counterweight has a control line that the operator can pull with the counterweight system. Each of the counterweight line sets has a counterweights cradle attached to itattached to it. These have weights added to weigh the same as the batten plus the weight of the loads. This allows the operator to control the speed of ascent and/or descent and provides greater safety for people on the stage below.

event venue.

2.2. The Founders Theatre

The original building was designed in the early 1960s to be functional and to serve multiple needs – town hall, music chamber, and as a versatile venue for theatrical and musical productions. The infrastructure of the stage house and the flying system it contains was designed to support hung canvas painted scenery, backdrops, drapes and, by today's standards, rudimentary lighting.

Due to its size and facilities, Founders Theatre has been the venue of choice for a wide variety of national and international live touring performances and events, and larger amateur and community shows. In the absence of a purpose-built Town Hall building, Founders Theatre has also served as Hamilton's surrogate town hall space. In this capacity the venue is used for civic functions, awards and graduation ceremonies, major community music and theatre performances, and a variety of commercial activities.

Most people who attended Founders Theatre in 2014 came from Hamilton and the wider Waikato region – 74% in total. 39% (15,499 people) came from Hamilton, a 6% drop from 45% in 2011. It is likely that a significant portion of the 13% of people whose postcode is 'unknown' also came from the Waikato region. Therefore, Founder's catchment area is quite localised.

Outside Waikato, Bay of Plenty and Hawkes Bay/Gisborne made up about 80% of 'the rest'. This indicates that people from Rotorua and Tauranga are willing to travel to Hamilton for a night out.

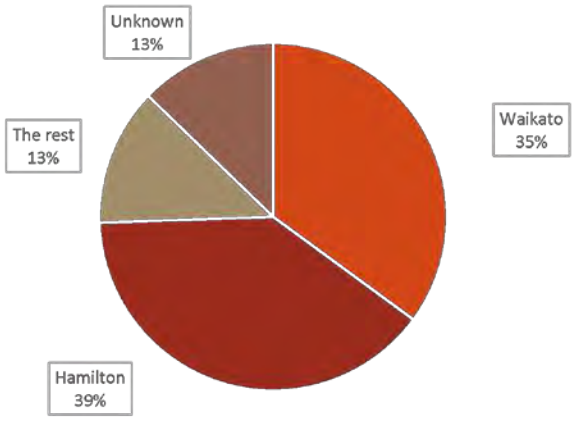


Figure 8: Founder Theatre's market catchment (source Ticketek Data 2014)

The theatre is well regarded by those who attend. However, community pride in the Theatre has declined over time as the Theatre has become worn and shabby, and as audience expectations around amenities increase.

Touring productions continue to be interested in visiting Hamilton, and the desirability of the city as a performing arts destination is likely to increase as population grows. However, visiting productions regard the Theatre equipment and fittings as antiquated and outdated. The same can be said for the theatre - for example there is no hot water in the toilet facilities. The age and quality of the core theatre infrastructure constrains the size and sophistication of productions that can be brought to the city.

The lack of a suitably sophisticated venue has seen and will continue to see an increasing number of productions bypassing Hamilton in favour of other centres. For example, the Royal NZ Ballet no longer bring their main bill productions to Hamilton, but play Rotorua instead; the NZSO will continue to tour but are required to reduce their player roster for larger pieces in Hamilton.

The key impact of the technical limitations and outdated systems at Founders Theatre is that:

- Touring productions must make adjustments to the size and sophistication of the shows they perform in Hamilton, compared to other venues around New Zealand. Sets are simplified, the numbers of performers are reduced and alterations are made to how the event is staged to work around the limitations of the Theatre;
- These changes reduce the quality of the production viewed by Hamiltonians, making the musical or theatrical experience less attractive. Audience numbers reduce, so there is less incentive for productions to tour in Hamilton;
- Where the complexities of a production can't be easily reduced or the artistic integrity of the work will be compromised by doing so, touring productions are bypassing Hamilton in favour of other centres.

2.2.1. The building and amenities

While the building itself has no recognised architectural merit or heritage recognition, it has a major art piece on display that was created by one of New Zealand's most famous contemporary artists, Ralph Hotere, which is considered to be a work of national significance.

Over the years there have been some additions and upgrades, but the majority of the building, technical facilities and decoration is over 50 years old. While there has been consistent maintenance over the decades, the building is now suffering from significant wear and tear.

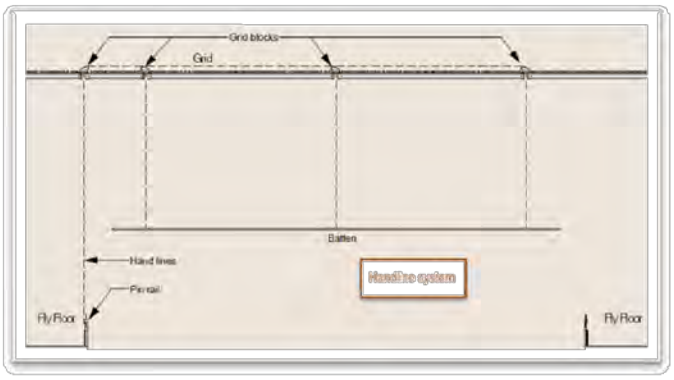
Most parts of the Theatre suffer shortcomings, ranging from serious to minor cosmetic issues. The architectural firm of Shand Shelton recently assessed the building, and the following summarises the issues they identified, ranging from serious to minor cosmetic problems, for

each of the following four areas – the stage house, the rest of the back of house[11], the auditorium and the front of house (foyer and entrance). [12]

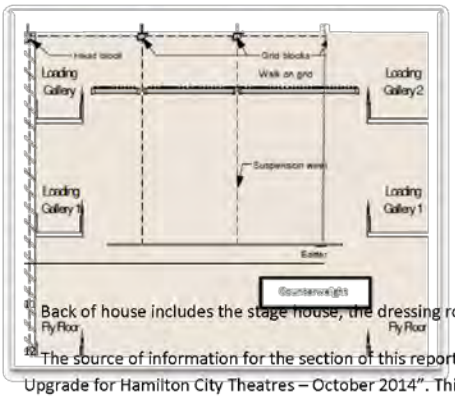
2.2.2. The stage house

The stage house is the section of the Theatre that houses the stage where performances occur, as well as the wings and supporting areas. It also supports the infrastructure for the operational equipment that enables performances. This infrastructure is located above the stage, out of sight of the audience, and includes the flying system, stage drapes, lighting, audio visual and sound equipment. The stage house is where issues of most immediate concern are, and most of the issues are connected to the flying system.

The Founders Theatre's flying system was originally constructed in the 1960s, with some additions and improvements since. When the Theatre was opened, a full hand line system was installed. The drawing to the right illustrates the key elements of the handline system. This system is based on ship rigging and relies on loads being physically lifted with ropes and pulleys. At the time the loads suspended were relatively lightweight, such as painted canvas cloth, lightweight timber-framed canvas flats and drapes.



In the 1970s, as the loads to be suspended on the flying system increased, some of the hand lines were replaced with counterweight sets[13] - see the drawing to the left that illustrates the key elements. This increased the loads an individual line could carry from 75kg per line to 250kg per line, and the traditional wooden battens on which the pulleys are mounted were replaced with steel battens to increase the



[11] Back of house includes the stage house, the dressing rooms and technical and production facilities.

[12] The source of information for the section of this report is the draft Shand Shelton report "Founders Theatre Upgrade for Hamilton City Theatres – October 2014". This report goes into more detail and depth than this business case.

[13] The system is bespoke and the manufacturer is unknown.

point loads that could be carried. The system installed was a hybrid that was locally manufactured, for which parts and manufacturing support are no longer available.

Due to the design of the building the counterweight system does not cover the full stage depth, leaving a significant and important segment of the stage depth covered by hand lines only. So in effect the Theatre has two flying systems, with different weight limits, methods of operation and age of equipment.

The Theatre also has five fixed winches that can support up to 450kg each, which are used to support heavier semi-fixed items such as the tab tracks and lighting spot bars.

The Founders Theatre flying system is outdated and has reached the end of its economic life. It has had over 50 years of continuous use with the resultant impact on the infrastructure and rigging. The specific issues for the flying system are:

- The weight the flying system can support can only be estimated and that capacity is dropping over time as key components wear. If it fails there are potentially catastrophic impacts, as items suspended from the flying system may drop onto the stage.
- Modern productions require the flying system to support more weight than the Founders Theatre flying system is estimated to be able to support.

Safety risks

The total load the grid can support is unknown, but has been estimated to be 14,000kg. The load capacity can only be estimated because of the bespoke nature of the counterweight system, and the fact that it was not documented by the original fabricator. The supporting fly tower structure and root load carrying capacity is also unknown and would need to be strengthened to increase the capacity of the flying system. The risk from 50 years of wear and tear is being actively managed and the allowable weight that the system can support has been reduced over time. The most obvious point of failure are the wooden pulley blocks, which are gradually delaminating and which cannot be replaced without substantially rebuilding the entire flying system.

If the estimate of how much load the flying system can support is too high, or if a key component such as a pulley block fails, the total system will be put under an excess load that could result in a total and catastrophic failure. Such a failure could result in injury or death for those on stage and has the potential to injure those at the front of the auditorium. Of secondary importance is that any equipment on the stage and supported by the flying system could be damaged or destroyed.

The manual nature of the hand line flying system means it is more prone to human error than modern systems. For example, incorrect tying off procedures, the physical strength of the operators to both fly out (lift) and fly in (lower) scenery on a hand line, and the techniques used to manipulate the system safely all require detailed training and very careful observance of work practices in order to manage the associated risk. There are resulting health and safety issues for the operators, who can suffer physical injuries from manipulating weights, and for those on the stage if mistakes are made securing or managing the loads as they are being moved.

The only access to the upper levels of the flying system is by climbing a 7m ladder, which in itself poses a safety risk. The upper levels include the fly floors, the upper loading gallery, the grid level, the auditorium ceiling space, house lighting and air handling systems. Carrying equipment of any weight to these levels is not physically possible.

When the operator is using the flying systems they cannot see all parts of the stage, which means that they cannot always see who is under scenery as it is being moved. Risk is therefore managed by relying on performers being where they are supposed to be; this approach is questionable, although it may be acceptable for professional performers. However, it is not acceptable for amateur performers who are less likely to be predictable in their locations and movements. The latter is particularly relevant for child performers.

These risks are currently being managed by weight restrictions, a strict maintenance regime, only allowing trained and experienced staff to operate the system and by not allowing 'live flying' (flying scenery during a performance).

Ability to support modern productions

The Theatre struggles to support the requirements of modern productions, as they require heavier scenery elements that cannot be supported on hand lines, are too heavy for the overall weight capacity of the flying system, or which cannot be safely moved during a production due to weight and sightline issues. The issues are:

- Most contemporary productions require the flying systems to support scenic elements weighing up to 450kg, Founders can only support up to 75Kg for the hand line system or 250kg for the counterweight system. Most event backdrops and scenery is situated at the rear of the stage, which is supported by hand lines only.
- A range of theatre productions require the flexibility to put lighting bars anywhere within the set design. However, the winches used for lighting bars in the Founders Theatre are at fixed positions on stage. Many lighting bars are also too heavy to be carried on the flying system.
- Structural design of the winch lines installed in the 1970s also restricts the height of scenery that can be removed from the stage.
- As a consequence of design decisions made in the 1960s, the Founders stage wing space (out of sight of the audience) is limited by modern standards. Ideally a stage will have the equivalent of half the visible stage available on each side off stage, or upstage to allow for the effective movement of stage scenery off stage. Founders has this space on one side only and that space doubles as a loading bay.

- Further, the original width from wall to wall has been compromised by the bespoke flying system and the modifications to the fly galleries needed for its installation, further restricting the already small useable stage space for production scenery on the floor. Having insufficient wing space impacts on productions; for example, there is insufficient space to accommodate RNZB major productions. Sets for many other shows need to be physically cut down in order to be accommodated within the limited offstage areas. This also creates risk as cluttered wing areas become difficult to negotiate during productions.

Founders Theatre now falls well short of the standard of other venues on the national touring circuit. Apart from the width of the proscenium at maximum opening it does not compare well, with theatres in smaller population catchments than Hamilton.

Over the last 20 years, stage houses around New Zealand have been either upgraded or replaced with new structures to meet the demands of current day performances and productions. Typically, flying systems have been replaced with new modern counterweight systems, rated to carry 450-500kg per line set.

To place the Founders Theatre in context of other theatres in New Zealand, an audit was undertaken to look at the venues that meet this standard, and compare them with venues that don't meet it. Figure 9 shows the modern theatres across New Zealand.

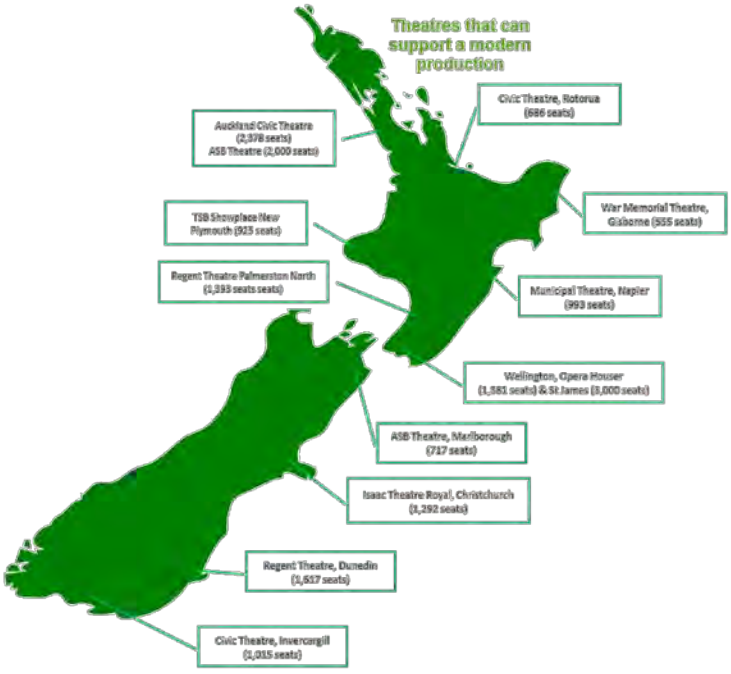


Figure 9: Theatres in New Zealand that have flying systems that support the 450-500kg weights (source Shand-Shelton)

Figure 10 shows the theatres that don't meet the modern standard. Hamilton's major theatre is therefore only directly comparable with small towns such as Timaru and Masterton in terms of the sophistication of its systems, and therefore the sophistication of the productions that can be hosted.

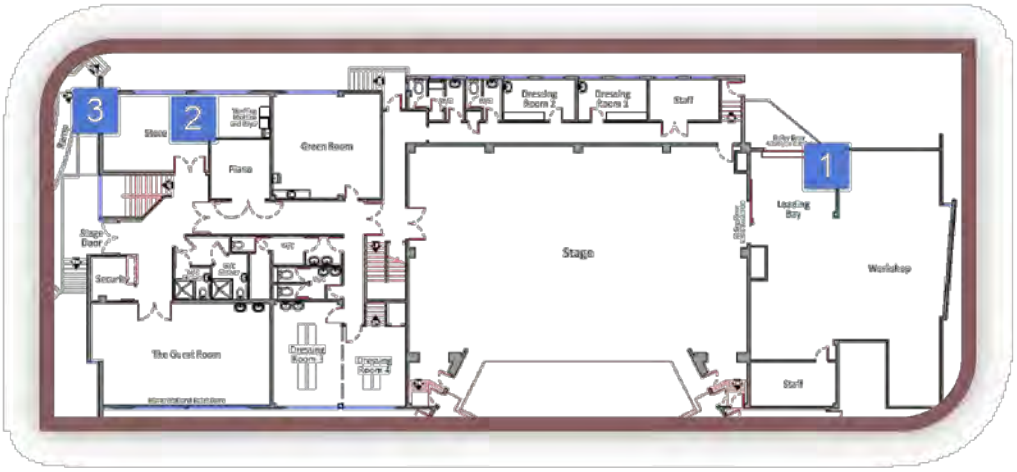
Figure 10: Theatres in New Zealand that don't meet the that have flying systems that support the 450-500kg weights (source Shand-Shelton)

Structural issues

The stage house falls well short of contemporary code load capacities, but is fairly robust. However, it is likely to have a seismic capacity around the 33% NBS levels, which would deem it to be earthquake prone. At this level of strength, it would normally be appropriate to continue to use the building for a set term of 5-10 years whilst planning for seismic upgrade. Further detailed seismic assessment would be required to determine exactly whether it was formally Earthquake Prone or not.

2.2.3. Back of house

In addition to the stage and offstage areas, the back of house includes the dressing rooms and technical and production facilities. The back of house facilities are located on the ground and first floor, as shown in the floor plan.



The present back of house is adequate in size. Since it was constructed, the spaces have been adapted and repurposed to accommodate additional production requirements; however, these changes have led to compromises with the use and layout of these areas, as follows:

- There are challenges unloading vehicles because of the configuration of the dock. It only services one vehicle at a time, is open to the weather and only has a limited amount of storage for crates and equipment whilst unloading (see 1).
- The technical spaces are co-located. This causes production inefficiencies and security issues around equipment.
- The laundry/wardrobe area shares space used for the storage, testing and repair of electronic equipment and is not a dedicated "wet area" (see 2). This situation poses risks of water ingress into the electrical equipment if water overflows.
- The dressing rooms by benchmark standards are adequate but need to be maintained in size and amenity.
- Wheelchair access is possible to the ground floor only which does not comply with requirements for a modern building (see 3).
- There are no VIP dressing rooms or dedicated orchestral or choral rooms.

2.2.4. The auditorium

The auditorium is fan shaped on one floor, with 554 seats at the front in the stalls and 695 in the circle. The issues with the auditorium can be divided into three categories – those that are related to the structure, those that relate to wear and tear, those that are integral to the building design.

Structural issues

Dunning Thornton Consultants conducted an initial engineering assessment of the building to assess its structural strength and seismic resistance, and significant issues were identified the

auditorium and its roof. The auditorium roof diaphragm[14] is an essential part of a theatre's seismic resistance and is almost absent in the existing building. The issues are:

- The front wall of the auditorium is extremely robust at the upper levels, its seismic resistance is compromised by the large number of openings at ground floor level.
- it is very likely that the capacity of the side walls is significantly less than the trigger levels for an earthquake-prone building.

The engineers believe a detailed analysis should be undertaken and encourage a retrofit scheme to be undertaken as soon as is practicable.

Age and condition of the infrastructure

There are a number of issues related to the age and condition of the infrastructure:

- The ceiling materials are becoming delaminated and stained. There is visible evidence of leaks, which are bowing the surface and producing holes.
- Some of the wall lining panels are loose and vibrate at certain music frequencies. Those not in need of repair or replacement require decoration.
- The seats were last replaced in 1992, and are almost 25 years old. Since then, they have been recovered but the mechanisms are worn in places and the end of row lights are broken. Patrons complain that they are uncomfortable.
- The carpet is at the end of its functional life and is due for replacement.

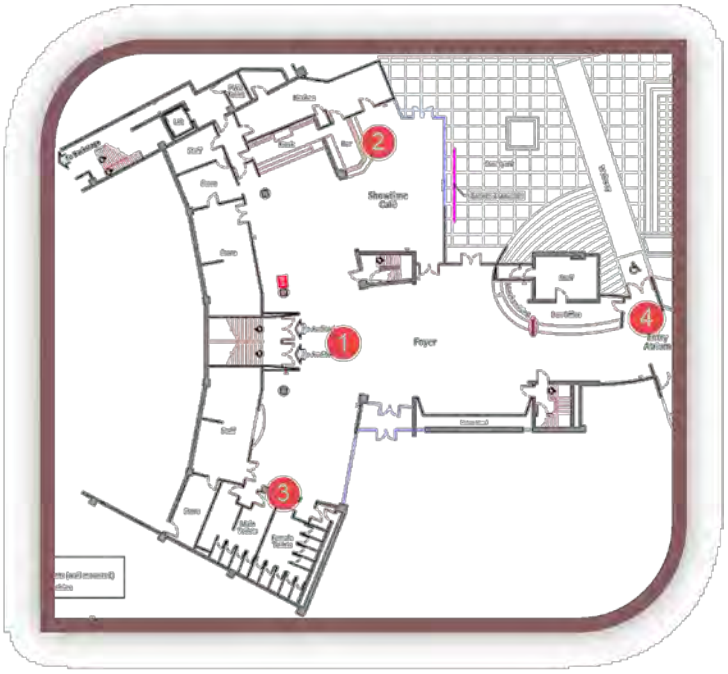
Design issues

There are some challenges with the acoustic environment, which are largely linked to the original design of the Theatre:

---

[14] In structural engineering, a diaphragm is a structural element that transmits lateral load to the vertical resisting elements of a structure (such as shear walls or frames).

- The acoustic performance varies depending on the location of the seat.
- The building has issues with its external sound rejection, so audiences can hear external sounds. For example, when it rains heavily the sound on the rain hitting the roof can be heard and is intrusive.
- When an orchestra plays on stage it is difficult for them to hear themselves playing, because the sound is lost in the fly tower above stage or absorbed by the stage drapes, and is therefore not reflected back to the players or out to the audience.



The sight lines for patrons on the edges of the seating blocks of the Theatre are also compromised as they are not able to see parts of the stage.

2.2.5. The foyer and surrounds

The foyer is dated, shabby, inefficiently uses space and cannot be used flexibly; however, it is the site of the Ralph Hotere mural.

The key issues for the foyer area are:

- The external entrance to the Theatre is small and confusing and does not present an identifiable face to the community (see 4);
- Access to the auditorium is limited to one entrance that causes a bottle neck of patrons entering and exiting the Theatre (see 1). *"It's too crowded. The doors don't open till the last minute and you get pushed and shoved." "Crowded entrance and ticketing was hard to get to"* (Source: Residents survey 2013)
- The toilet facilities are inadequate. The decoration has not been updated since it was built, there are insufficient pans for women and there is no hot water. In the 2013 residents' survey there was scathing feedback on the lack of hot running water in the toilets, aged decor and uncomfortable seats. "*It's a sad place sometimes, with cold water in the toilets - good God, what century are we in.*"
- Access to the food and beverage concessions is difficult (see 2) which puts limits on what patrons can spend and their ability to enjoy refreshment *"very slow service at the bar"* (Source: Residents survey 2013)

- There is no function space for related or independent functions, which can result in lost revenue opportunities.

2.3. Drivers for change

There are three drivers for change – safety, structure and how fit for purpose the Theatre is, which in turn affects its ability to attract productions and theatre-goers.

2.3.1. Safety

The immediate drivers for change are the significant safety issues. Over time the safety risks to HCC employees (e.g. the stage house operators) and others (e.g. performers, audiences) is increasing and the consequences of failure have the potential to be catastrophic. While there is active management of the risk, continued operation of the Theatre in its current form is becoming increasingly hard to justify. The legislative and health and safety risk is carried by both the Council and the touring productions, regardless who are the employers, so there are significant liabilities for the Council in this area.

2.3.2. Structural issues

An initial engineering assessment[15] of the building has identified significant issues with structural strength and seismic resistance.

The main area of concern is the auditorium and its roof. The engineers believe a detailed analysis should be undertaken and encourage a retrofit scheme happen as soon as is practicable.

The stage house also has some seismic resistance issues. It is nowhere near contemporary load capacity and is likely to have a seismic rating around the 33% NBS levels, which deems it to be earthquake prone. Normally be appropriate to continue to use ten building for a set term of 5-10 years whilst planning for seismic upgrade.

2.3.3. Fit for purpose

Founders Theatre is increasingly unable to fill the role expected of a major regional theatre, as it becomes less fit for purpose. It does not meet the needs and expectations of audiences and performers.

The value of the Founders Theatre as an asset for Hamilton lies in how often it is used, and for what purposes. For a variety of reasons usage is decreasing over time; Figure 11 shows that since 2008/09 usage has declined from 107,000 patrons to slightly over 63,000 in 2014/15.

[15] This means that no detailed calculations have been done at this stage

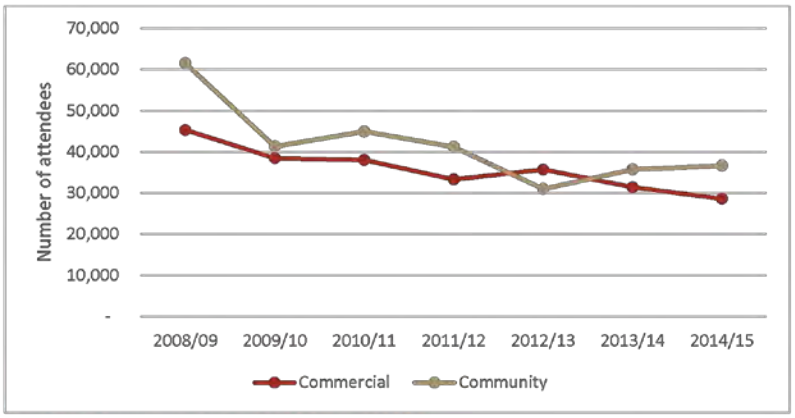


Figure 11: Patrons attendance - 2008/2009 to 2014/15

This decline in attendance compares poorly with trends in New Zealand; nationally, theatre usage has increased. In 2014/15 two-thirds of New Zealanders attended a performing arts event in the previous 12-month period, which is a significant increase in attendance since 2011[16]. Of those who attend:

- 75% had been to the theatre more than 2 times
- 78% had been to a musical performance more than 2 times
- 53% had been to the ballet or another dance event more than 2 times

The Founders Theatre audience attendance is therefore going against this national trend. Based on the feedback from the 2013 Residents Survey there is falling satisfaction with the theatre-going experience at Founders. The expectations of theatre-goers are increasing while their experience at Founders Theatre is decreasing.

The reasons for this are twofold – the problems of its infrastructure (a problem for promoters) and the issues for theatre-goers.

The problem with the infrastructure

The decline can be linked to the core infrastructure being more than 50 years old and being unable to meet the expectations of patrons or performers. As a result, the types of productions that Founder Theatre can support is decreasing, and this is likely to decrease further due to the additional safety restrictions that have recently been implemented for the use of the flying system, as part of the Theatre's risk management process;

[16] National Creative Arts Survey 2014 – Survey sample 1,800. Performing arts was defined as theatre, dance and music, ballet or contemporary dance performances, live theatre, concerts, musical performances or circuses.

The Theatre's current infrastructure, particularly in the stage area, is increasingly unable to support the needs of modern productions. Since being built the requirements for the productions staged in theatres have changed considerably, with increasing levels of sophistication of production and the associated demands on infrastructure. When the Theatre was constructed, most scenery was made of lightweight materials such as painted canvas, so a flying system that could support weight on one lineset of 75kg was sufficient. Production companies now build their scenic elements around an industry-standard permissible weight limit of 450kg. Building bespoke scenic elements to accommodate Founders Theatre results in additional cost to the production company and a poorer theatre-goer experience. If productions no longer come to Hamilton in favour of more sophisticated theatres in other regional centres, the cultural and economic benefits that would accrue to the city will gradually be lost as productions bypass the city.

This loss is already occurring. For instance, the productions that the RNZB now bring to Hamilton are the "Small Tour" self-contained floor mounted productions, rather than their national tours of major ballets, such as Swan Lake, Don Quixote, The Nutcracker, A Christmas Tale, Coppelia and others; these go to Rotorua and Auckland instead. The graph below illustrates the changes in commercial use over time, showing that both music and theatre use are declining.

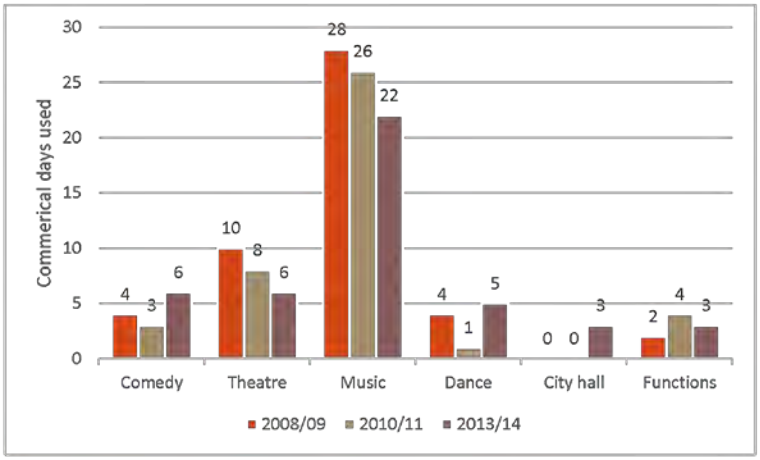


Figure 12: Change in commercial days used - 2008/09, 2010/11 & 2012/13

Community use of the Theatre has also reduced – the big areas of reduction being theatre and dance. Restrictions on the use of the flying system are likely to significantly reduce usage further.

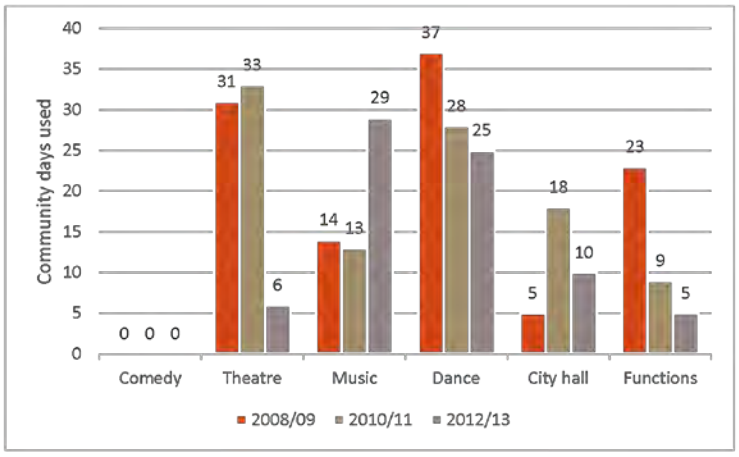
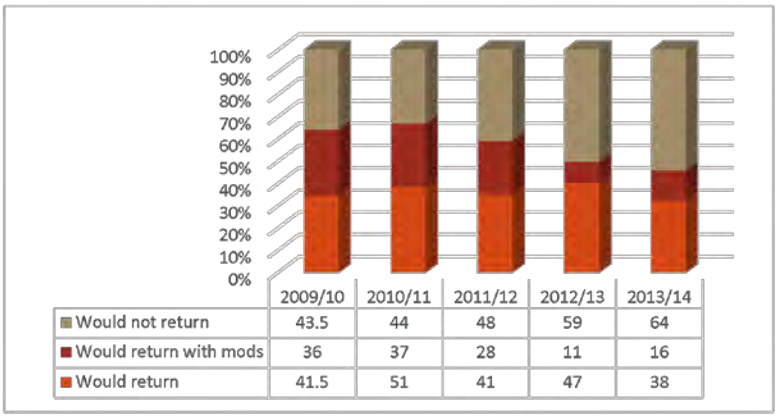


Figure 13: Change in community days used - 2008/09, 2010/11 & 2013/14

As a way of mitigating the risk to performers, promoters and the Theatre, restrictions on the use of the flying system were implemented from November 2015. The use of the handline system at the back of the stage will be changed so that only static scenery can be hung rather than flown in and out during a production (live flying).

To assess the impact of this decision, a review of historic productions over a five-year period was conducted. The review looked at whether the production could have proceeded under these conditions, or whether the production could have proceeded with modifications. It calculated the number of days that production was presented and the likely reduction in days.

Figure 14 shows the changes to usage that would occur in today's terms; on average, usage would be reduced by 43%. The impact is increasing over time – in 2009/10 36% of productions would not return but in 2013/14 that increased to 54%. If the trend continues, more and more productions would be unable to use Founders Theatre due to flying system limitations. If the use of the flying system is stopped altogether then this figure would significantly increase.



	2009/10	2010/11	2011/12	2012/13	2013/14
Would not return	43.5	44	48	59	64
Would return with mods	36	37	28	11	16
Would return	41.5	51	41	47	38

Figure 14: Impact of the restrictions on the use of the flying system would have in today's terms to days used - 2008/2009 to 2014/15.

A reduced experience for the theatre goer

Theatre-goers are not receiving the experience they expect of a modern theatre, and this reduces their usage of Founders Theatre. As a result, they may not go to the theatre at all, or may travel outside of Hamilton to see the quality productions that Founders can no longer accommodate, for example in Auckland and Rotorua.

The theatre experience is also being diminished by what is happening in both the back of house and front of house areas. The back of house issues set out in the previous section impact on both the choice of productions on offer and the quality of those productions when they come. *'There is not enough goes on, big acts." "It doesn't get enough things in it (not enough choice)"* - source: 2013 Residents survey.

The quality of the facilities affects the theatre-goers experience during show, whilst waiting for the show to commence, and at intermission. These include the quality of the acoustics, sight lines, poor amenities e.g. toilets, access to refreshments and factors that affect their comfort, described above.

Comments from the 2013 Residents survey included:

- *'It's just a bit tired.' 'It just feels a bit rundown. I think there is a re-vamp plan.'*
- *'Seating is cramped.' 'It's hard to pinpoint. I think when you compare it to the Events Centre, it's a bit old and quite dated. I don't quite like the seating in there*
- *'Just crowded entrance and ticketing was hard to get to. Don't seem to be able to cater to big crowds.' 'Maybe a little bit too small.'*
- *'I think the acoustics are not very good.'*
- *'The sound system does not cater for those with hearing impairments'*

These issues will only be exacerbated over time.

2.4. The future state

Hamilton's arts sector plays a key role in Hamilton's identity. Founders Theatre is central in supporting Hamilton's performing arts sector as it is the only theatre capable of hosting large scale productions.

Should the investment be made in the Theatre, Hamilton will have a fit-for-purpose building that:

- Is safe for performers, the people who support the performances and audiences;
- Meets the needs of the city, its residents, and its performing arts community;
- Supports a positive theatre going experience for its audiences that audiences want to attend;
- Can attract a full range of touring productions and local productions, thus growing local attendances in line with the national trend;
- Helps support Hamilton's central city as a vibrant attractive destination;
- Is more versatile because it can be used in multiple ways, thus maximising revenue;
- Makes a significant contribution to the cultural life of Hamilton and the surrounding region;
- Is an attractive destination in its own right, rather than merely a performance venue;
- Is a venue that the city is proud of, and positively helps to represent the Hamilton as a city rather than a provincial town.

2.5. Scope

The scope of this business case therefore includes:

- Addressing the safety issues with the flying system;
- Addressing the issues that have led to the use of the theatre declining over time – the ability to attract national touring productions and the user's theatre experience;
- Addressing the wear and tear issues due to the age of the building;
- Addressing functional issues with the with both the front and back of house.

2.6. Main benefits

As a result of this investment, Council has the potential to realise the following benefits for its residents, the community and to the City as a whole.

- **Provide a safe venue for visitors and workers** - Safe environment for performers, backstage personnel and audience.
- **Strengthen the regional culture visitor sector** – Founders Theatre makes, and has an increased opportunity to make, a contribution to the ongoing economic performance and development of Hamilton's culture visitor sector in a number of different ways such as:
  - ❖ increasing the Theatre's overall visitor patronage from within and outside Hamilton;

- spill-over benefits for other tourism attractions in the Victoria precinct and the wider City area; and
- an important opportunity to profile and market Hamilton and the wider region throughout the rest of New Zealand and overseas on an ongoing basis.

- **Social and community amenities in Hamilton** - the Theatre's capacity to host a wide range of local community events and activities makes an important contribution to ongoing social and community development in Hamilton. This makes Hamilton an attractive destination for people and businesses. These include providing residents with the benefits provided by the performing arts such as:
  - Entertainment and fun
  - Stimulation of their intellect and spirituality
  - Exposure to different experiences
  - Improved wellbeing.
- **Benefits for performers, particularly local performers –** Founders has a strong community usage. Studies have shown that participating as a performer can build confidence and self-esteem for individuals and create more creative communities.
- **Strengthen community engagement in Hamilton**- Studies have also shown that youth who participate in the performing arts form stronger ties with the community and more often, tend to return and/or settle within the community and perform community service as adults. [17]
- **Reputational benefits as a cultural hub**
  - Build on Hamilton's reputation as a destination for cultural events, rather than as a city that requires residents to travel elsewhere for major social events.
  - Increased energy and vitality for the inner city.

2.7. Strategic Alignment

The proposed investment is aligned with Council goals, the Hamilton plan, the Hamilton Arts, Creative Waikato, Agenda and the planned changes to zoning to create a vibrant city centre.

It supports the following goals of:

- Achieving the Council goal of working together with the community to ensure that Hamilton is a safe and vibrant City.
- Enhancing Hamilton by providing a range of venues that support and develop the performing arts sector, providing Hamilton with a venue of choice for an extensive variety of live performances and events.

---

[17] The value of-art and culture to people and society - An evidence review March 2014 - link

- Growing the visibility and community engagement in all arts by providing a fit for purpose regional theatre.
- Increasing the number of "Bums on Seats" through improved promotion and audience development (source: Creative Waikato).

It also meets Council obligations to provide a safe environment for its employees, visitors and residents.

The Hamilton Arts Agenda, which is in the process of being updated, aims to support and grow this thriving sector by providing direction and leadership. Founders plays a key part in achieving its five priorities. As Hamilton's largest theatre Founder's plays a unique and pivotal role by providing a venue for the community to engage in performing arts. It provides a venue for those who want to participate in performing arts as part of the audience or as a performer.

It supports Hamilton's vision for a revitalised central city. Its location in the proposed Victoria precinct Founders will support Hamilton's cultural residential hub.

2.8. Main risks

There are a number of risks associated with this investment, as follows:

- **Health and safety risk** – The redevelopment of the theatre should address the key safety risks. However, there is an ongoing health and safety risk to the Council while Founders Theatre continues to operate in its current condition.
- **Funding risk** - The redevelopment of the Theatre may require external funding from sources other than the Hamilton City Council. This may include central government, other local bodies in the Waikato region, trusts, corporate sponsorship and private contributions. These risks give rise to funding uncertainties that may in turn drive the choice of solution, which are reflected in the options analysis.
- **Construction risks**
  - In the event that the option to refurbish the existing structure is undertaken, there is a risk of budget escalation associated with the costs of rebuilding and refurbishing a building where elements are more than 50 years old. This will be mitigated through the detailed design.
  - There is a risk that the construction and/or transition timelines will not be met, with negative impacts on Hamilton's profile and reputation. This will be mitigated in the commercial approach, the design phase and in the delivery of the construction project.
- **Benefit realisation risk** – We are competing for the discretionary leisure dollar across the region. There is a risk that the completed facilities will still not meet the needs of Hamilton's, national and international performing arts community, resulting in lower than projected usage. This will be mitigated in the design phase.

2.9. Key constraints and dependencies

There are a number of constraints that apply to this investment:

- There is a dependency on obtaining funding from external sources, which in turn acts as a constraint on the timelines for entering into appropriate construction contracts.
- Any alterations to Founders Theatre must be conducted in a manner that minimises disruption to the reputation of the city as a cultural centre. The requirements of the community will therefore impose timeline constraints on the sequencing of construction or relocation projects.

3. The Economic Case: Exploring the Preferred Way Forward

3.1. Options assessment

The first step in determining the potential value for money of any solution is to assess the options that are available to the Council for investment in an improved Founders Theatre. In the Better Business Cases methodology, this is a multi-step process as follows:

5. Determine the dimensions of the possible solutions and develop a long-list of available options;
6. Assess the long-list options against the investment objectives to determine what solution will meet the full range of requirements. This list becomes the shortlist;
7. Assess the short-list options against the critical success factors used in the Better Business Cases methodology to determine their viability;
8. Develop a preferred solution based on the assessments.

3.2. Options dimensions and long list

The option dimensions were developed during workshop sessions with Council staff and Architects from Shand Shelton. As a result of these deliberations, five option dimensions were identified. These are:

- The **scope** of the solutions (the what), ranging from "do nothing" to an aspirational new Performing Arts Centre;
- The **service solutions** (the how), ranging from a theatre that can deliver very limited functionality through to demolishing the existing structure entirely and rebuilding it in either the same or a different location;
- The **service delivery options** (the who), ranging from the Council owning and operating the facility through to a complete outsourcing;
- The **implementation options** (the when), ranging from a multi-stage project to single stage construction;
- The **funding options,** ranging from being solely funded by the Council to being funded by a benefactor.

Looking at the range of alternatives within each dimension resulted in the following long-list of options.

3.2.1. Scope options

Option	Description
Do nothing (Risk Management)	Make no investment and operate the Founders Theatre as it is currently configured with the safety risks associated with the handlines totally eliminated. It would operate as a town hall not a theatre.
Risk reduction	Continue to operate the Founders Theatre as currently configured with the safety risks reduced but not eliminated. Founders Theatre would continue to act as a theatre, albeit a compromised venue.
Restore the venue	Improve the ability of the stage house to host modern productions, whilst addressing the look, comfort and amenities of the Theatre. The result would be a less compromised and more comfortable theatre.
Fit for purpose (new capability)	Bring the theatre up to the standard of a modern theatre in a metropolitan area that can host travelling productions that are bypassing Founders Theatre currently or going there but putting on compromised productions. Add functionality that increases the uses the building can be put to.
Aspirational performing arts centre	Create a multi-use fit for purpose performance space that can be used for the whole spectrum of performing arts.

3.2.2. Service solution options

Option	Description
Do nothing	Make no changes to the building. Do not use the hand line flying system.
Risk reduction	Make no changes to the building, but replace the flying system.
Restore the venue	Make no changes to the envelope of the building. Within that constraint fix as many of the stage issues as possible, including replacing the flying system. Repair the auditorium roof and make cosmetic changes to the rest of the auditorium, the foyer and the exterior of the Theatre. This would require strengthening the stage house and a new roof. This would trigger potential upgrades on the rest of the building e.g. fire protection, disability access etc...
Fit for purpose (new capability)	Demolish and rebuild the stage house, repair and refurbish the auditorium, refurbish, expand and rationalise the layout of the foyer and improve the look of the exterior of the Theatre. This would address all the structural and fit for purpose issues set out in the Shand Shelton report.
Aspirational performing arts centre	Demolish the existing building and construct a new Theatre on the existing or new site.

3.2.3. Service delivery options

Option	Description
Council owned and operated	Council would continue to own, maintain and operate the Theatre. Any shortfall would be subsidised from rates.
Council owned and operated, with Trust governance	Council would continue to own, maintain and operate the Theatre. Any shortfall would be subsidised from rates. High level governance and direction of the Theatre would move from the Council to a trust.
Charitable trust	Council would gift the Theatre to a charitable trust, who would also operate it. The land would remain the property of the Council. The Council would be responsible for all capital, depreciation and maintenance costs while the trust is responsible for its profits or losses.
Private/Public ownership	The ownership of the theatre building would be moved to a joint private/public partnership (the land would be retained by the Council. The public part of the ownership could be a consortium of regional Councils or just the HCC. The private owner could be an investor or a benefactor. The

Option	Description
	owners are jointly responsible for the fit-out, upgrading and maintenance of the building, as well as for its profit or loss.

3.2.4. Implementation options

Option	Description
Staged on risk	The first changes would only be made to the flying system. Other changes would happen later
Phased build	A multi-phase approach where the implementation is undertaken in several stages over a period of time
One stage	All changes would be made at once

3.2.5. Funding options

Option	Description
Solely Council	HCC would pay all costs of the chosen option
Council/Trust	All costs of the chosen option would be shared by Council and a trust or private fund. Under this option the bulk of costs are likely to be borne by the Council.
Regional Council Approach	All costs of the chosen option would be shared by Waikato regional councils
Council/Private fund/Trust/Central Government	All costs of the chosen option would be shared by Council and a mix of other trusts, private funds or central government. Under this option the bulk of costs are likely to be borne by the Council.
Wild card "benefactor"	An unknown benefactor would pay all costs of the chosen option

All options have been assessed against their ability to meet the investment objectives. These objectives are:

- As soon as is practicable, provide a contemporary theatre environment that meets customer expectations of a quality regional venue by being capable of hosting national touring productions that develop a group of theatre-goers spanning across all performance genres.
- Maximise the value Founders Theatre delivers to the city and region, through the provision of an up-to-date venue able to attract a full range of performance arts, now and into the future.
- Provide theatre facilities, equipment and services that are market competitive and meet health and safety and compliance standards.
- Successfully integrate Founders Theatre as a key central city destination to support the Hamilton Central City Transformation Plan (CCTP).

The Better Business Case critical success factors were also used to assess each option. These are:

- Strategic fit and business needs
- Potential value for money
- Supplier capacity and capability
- Potential affordability
- Potential achievability

The full range of options and the outcome of the assessments against the investment objectives and the critical success factors are as follows:

	Scope Options					Solution Options					Service Delivery Options				Implementation Options			Funding Options				
Description of Option:	Mitgate safety risk only	Risk reduction (Do minimum)	Restore the Theatre	Fit for purpose Theatre	Aspirational at Founders or other site	No movement sound & light only	Existing stage house & fixing system	New stage house	Complete refurbishment of theatre	Rebuild at Founders site or elsewhere	HCC owned and operated	Trust governance - professional management (H3 operated)	Charitable company	Shared ownership (P&P)	Implementation based on risk	Multi stage implementation	One stage implementation	HCC	HCC/Trust	Regional Council Approach	HCC/Private fund/Trust/ Central Govt	"Wild card" (e.g. benefactor)
Investment Objectives																						
As soon as is practicable, provide a contemporary theatre environment that meets customer expectations of a quality regional venue capable of hosting national touring productions that develop a group of theatre-goers across the full regional demographic, via audience development programmes that span all performance genres																						
Maximise the value Founders Theatre delivers to the city and region, through the provision of an up-to-date venue able to attract a full range of performance arts, now and into the future.																						
Provide theatre facilities, equipment and services that are market competitive and meet health and safety and compliance standards.																						
Successfully integrate Founders Theatre as a key central city destination to support the Hamilton Central City Transformation Plan (CCTP).																						
Critical Success Factors	Scope Options					Solution Options					Service Delivery Options				Implementation Options			Funding Options				
CSF 1: Strategic fit and business needs																						
CSF 2: Potential value for money																						
CSF 3: Potential achievability																						
CSF 4: Service provider capacity and capability																						
CSF 5: Potential affordability																						
Short list?				Yes					Yes		Yes						Yes		Yes		Yes	

Does not meet the criteria

Partially meets the criteria

Meets the criteria

From this analysis, the preferred option that meets both the investment objectives and the critical success factors is a venue that:

- Is appealing to potential audiences;
- Is able to support productions to the benchmark standard, so is appealing to local, national and international touring productions;
- Provides a flexible environment for the performance of live productions across all of the forms of the performing arts;
- Is versatile so it can maximise community usage, e.g. easily convert the auditorium to suit a smaller space for local and smaller touring productions.

From the table it can be seen that some options in each dimension are unlikely to meet either an investment objective or a critical success factor. On this basis, they have been discarded and are not assessed any further in this business case.

Options that are likely to meet all the investment objectives have been carried through to the short list, as have options that may meet the criteria and carry a lower level of risk or uncertainty. This has resulted in the following short-list:

Scope option	*The range of options that can be achieved*
Fit for purpose (new capability)	Bring the theatre up to the standard of a modern theatre in a metropolitan area that can host productions that are bypassing Founders currently or going there but putting on compromised productions. Add functionality that increases the uses the building can be put to.
Service solution option	*How are we going to achieve the outcomes*
Fit for purpose (new capability)	Demolish and rebuild the stage house, repair and refurbish the auditorium, refurbish, expand and rationalise the layout of the foyer and improve the look of the exterior of the Theatre. This would address all the structural and fit for purpose issues set out in the Shand Shelton report.
Service delivery options	*Who is going to achieve the outcomes*
Council owned and operated	Council would continue to own, maintain and operate the Theatre. Any shortfall would be subsidised from rates.
Implementation options	*When are we going to undertake the work*
Single stage implementation	All changes would be made in a single phase.
Funding options	*How will we fund the work*
Council/Trust	All costs of the chosen option would be shared by the Council and a trust or private fund. Under this option the bulk of costs are likely to be borne by the Council.
Council/Private fund/Trust/Central Government	All costs of the chosen option would be shared by Council and a mix of other trusts, private funds or central government. Under this option the bulk of costs are likely to be borne by the Council.

3.3. Preferred Option Feasibility

Shand Shelton, a specialist firm of Theatre architects, was engaged to:

- Assess the shortcomings in the present venue;
- Provide a basis for developing and modifying the present facility;
- Enable comparison and benchmarking with comparable facilities throughout the country.

This investigation resulted in an indicative design that makes the following changes to the existing building, ensuring that the Theatre would be future proofed, and have an appropriate production capability with an auditorium and front of house make-over.

The indicative changes are summarised and illustrated below. The full report is attached for detail in

Appendix 1.

3.3.1. Back of house

The main change is to rebuild the Stage house to address the issues of the stage size and provide the room and the structural strength needed for a new flying system. Other changes include:

- Rationalise, update and upgrade the facilities in the back of house
- Update the electronic equipment – lighting, sound and data networks.

3.3.2. Front of house - The foyer and the exterior of the building

Rationalising and updating the foyer will provide additional usable space and flexibility to:

- Support theatre goers waiting for a production to begin and at intermission
- Provide options for events maximise the use of the building
- Provide safe and efficient access to and from the auditorium.

Other changes include:

- Add a small function room

- Make consequential changes as a result of the repairs to the auditorium roof
- Update and upgrade catering facilities and services
- Update and upgrade the old tired decoration and amenities (e.g. seats, carpet, bathrooms)
- Update the exterior to provide a more coherent look.

3.3.3. The auditorium

- Refurbish the auditorium to address basic acoustic and sightline issues
- Address all the structural issues including the roof
- Repair and update the facilities
- Include a reduction system of cut down the size of the auditorium for more intimate performances.

It is estimated the Theatre would need to be closed for 15 months to allow the works to be completed in a single construction phase, which is likely to be the most efficient (and therefore cost-effective) approach to the work.

3.4. Indicative costs

3.4.1. Capital costs

Shand Shelton have engaged a Quantify Surveyor to prepared detailed costs for the work to the building and the work to the theatre services (e.g. the flying system). This is an estimate and will not be completed until the detailed design work is completed.

	Option Two
Dressing Room	$310,000
Stage House & Workshop	$5,275,000
Auditorium & Front of House	$4,040,000
Auditorium and Roof Strengthening	$1,000,000
Auditorium Seating	$500,000
Siteworks	$200,000
Existing Facade redecoration	$120,000
Contractors Preliminary & General Costs	$985,000
Main Contractors Margin	$595,000
Design Development Contingency	$625,000
Construction Contingency	$985,000
Orchestra Shell	$115,000
Theatre Services (separate contracts)	$2,310,000
New Seating (separate contract)	$90,000
Professional Fees	$2,480,000
Consents	$285,000
Total Budget	**$19,915,000**

Exclusions to these estimates exclude:

- Goods & Services Tax (GST)
- Piling or strengthening of existing foundations
- No new auditorium ducting, i.e. retains existing system and replaces AHU and heating and Cooling coils and pipework
- Renovations to existing dressing room not affected by new construction

- Generator or UPS installation
- Tenant business interruption
- Furniture, fixtures and equipment
- Whiteware and appliances
- Recarpeting
- Insurances
- Legal and finance costs
- Unknown underground services
- Removal of hazardous materials (asbestos)
- Treatment of contamination
- Cost fluctuations from January 2016

Provision has been made in 2015/2016 operating budget for replacing carpet. It is proposed that this investment, along with any significant renewal items budgeted between now and the project completion, be deferred so it can be undertaken as part of the refurbishment.

Based on the costings, the exclusions and the uncertainties associated with the project, $20.4million in capital funding is being sought through this business case, subject to the completion of the engineering review, the detailed design process and the tendering process.

The costs would be phased as follows:

- 2016/17 - $2.25m covering detailed design, starting the funding process, consenting and tendering
- 2017/2018 - $8.4m covering the first part of the build
- 2018/2019 - $9.75m covering the second part of the build, technical refurbishing and completing costs

3.4.2. Operational costs

The impact on the direct costs of operating the Theatre were looked at looking at the following three scenarios:

- No refurbishment is undertaken but with the figures revised to take into account the changes to the flying system ("Do nothing")
- The refurbishment is completed in the timeframes in the current Long Term Plan (LTP) - 2021-22 and 2022-23 ("Refurbish 2021-2023")
- The refurbishment is completed as proposed in this business case in the 2017/2018 and 2018/2019 financial years ("Refurbish 2017-2018").

To complete the assessment, a number of assumptions were made about the level of expenditure needed once the refurbishment is complete. Some costs will increase due to more use and hence greater revenue, e.g. utilities costs and advertising (which is cost recoverable). The following assumptions have been made:

- The extra staff required to mitigate the current safety issues are no longer required;
- Substantive repairs and maintenance costs will be reduced following completion of the project, so maintenance costs are reduced by 25%.

The calculations for these item are included in the analysis in the Financial Case.

Overall the operational costs of Founders Theatre for each scenario are projected to be fairly similar. The is shown graphically in Figure 15. The vertical axis shows the level of expenditure (thousands of dollars ($000).

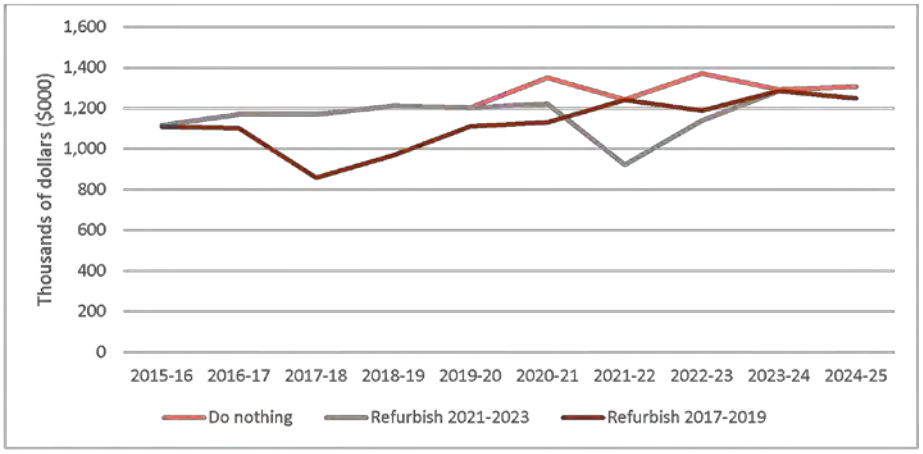


Figure 15: Changes in operational costs needed

3.5. Indicative revenues

The indicative revenues for the theatre were assessed using the same three scenarios, which resulted in the largest financial impact. In 2024-25 the level of revenue following the refurbishment is expected to be four times the revenue generated in the "do nothing" scenario, primarily because revenue is projected to continue declining if no steps are taken to improve the facilities.

In both refurbishment scenarios, revenue is projected to increase by 20% following completion and there will be another modest revenue source from the new Ralph Hotere room.

The results are shown graphically in Figure 16 with the vertical axis shows the revenue (thousands of dollars ($000).

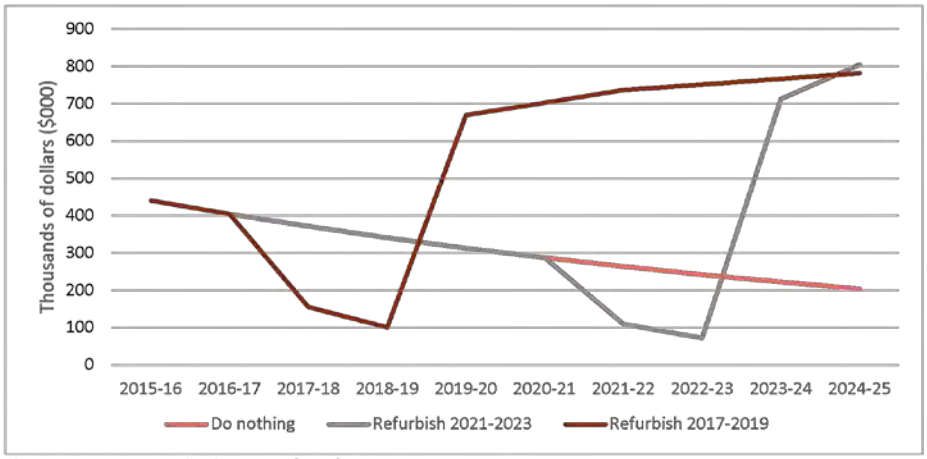


Figure 16: Revenue projections Founders Theatre

3.5.1. Ratepayer subsidy (operating deficit)

An assessment was made of the impact on the ratepayer subsidy (excluding depreciation and costs of financing) in Figure 17. It shows that once the refurbishment is complete the operating subsidy is less than half of the "do nothing" option, due to the improved revenue performance.

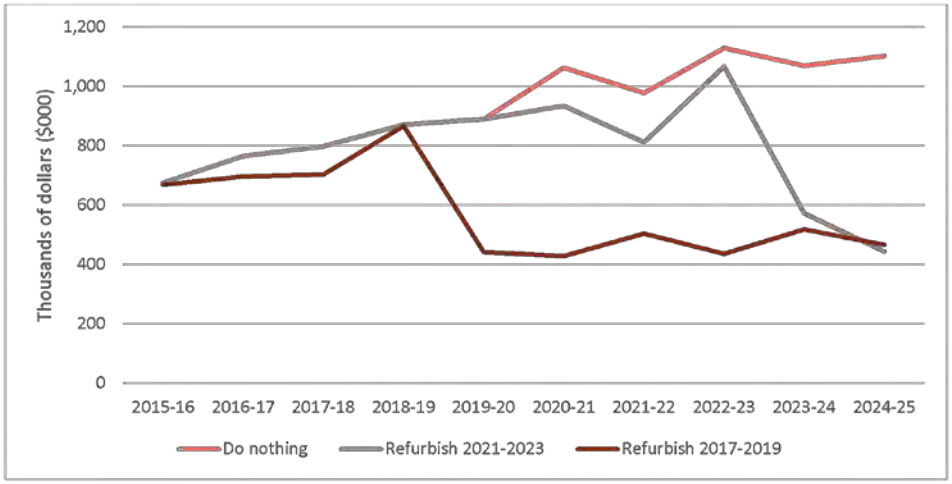


Figure 17: Rate payer operating subsidy in the three scenarios

Figure 18 shows the total ratepayer subsidy over a nine-year period. Undertaking the refurbishment in 2017 – 2019 means that the ratepayer contribution is $3.6 million less than the "do nothing" option, and $2 million less than starting the refurbishment in 2021.

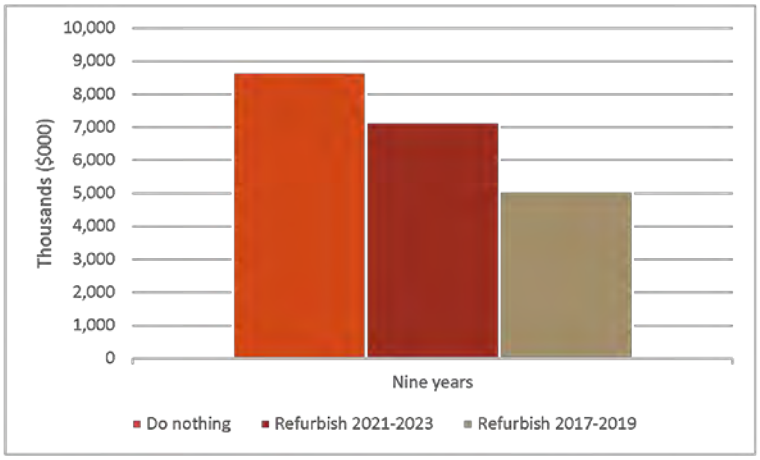


Figure 18: The total ratepayer subsidy over ninr years – 2015/16 to 2024-25

3.6. Tangible and intangible benefits

3.6.1. Indirect benefits

Audience spending can make an important economic contribution to the city. Spending occurs not only at the event but in surrounding local businesses, such as restaurants, shops, travel/transport, and accommodation. Spending by external visitors represents an injection of money from outside the local economy.

The wider Waikato, and to some extent the Bay of Plenty, relies heavily on Hamilton city for its amenities, arts offerings, infrastructure, and events. A refurbished Founders Theatre may attract more visitors from outside the region which would provide a wider economic benefit to Hamilton.

In a review of where audiences come from, we found that 35% came from the wider Waikato region. 80% of people who come to Founders Theatre from outside the Waikato region came from the Bay of Plenty and Hawkes Bay/Gisborne. This indicates that people from Rotorua, Tauranga and Gisborne are willing to travel to Hamilton for a night out.

Auckland may be taking some of Founders potential audience. Auckland has significantly more theatre attendances than any other city - 29% have attended performing arts in Auckland verses 10% Wellington and Christchurch. This could imply that Auckland is supplementing its audiences from outside the city, including south of Auckland (Waikato and Bay of Plenty).

If the Theatre provided a more positive theatre experience, these audiences may come to Hamilton, with resulting benefits to the retail, hospitality and accommodation sectors.

We modelled the impact of more theatre-goers from the Bay of Plenty and Gisborne regions travelling to Hamilton to see a show at Founders. The analysis looked at doubling (6,000), tripling (9,000) and quadrupling (12,000) the people coming to Hamilton from these regions. These

numbers may not be unreasonable given the level of audiences the Theatre has attracted in the past.

Based on the distance patrons travelled, a mix of overnight and evening-out visits were modelled. Those that stayed were estimated to spend $150 and those out for dinner and some shopping $60, excluding the price of the ticket or spending at the Theatre.

The following graph sets out the indirect benefits to the Hamilton economy. Currently the indirect benefits are estimated at $208k per annum. If the number of patrons increased fourfold that benefit could rise to almost $877k[18].

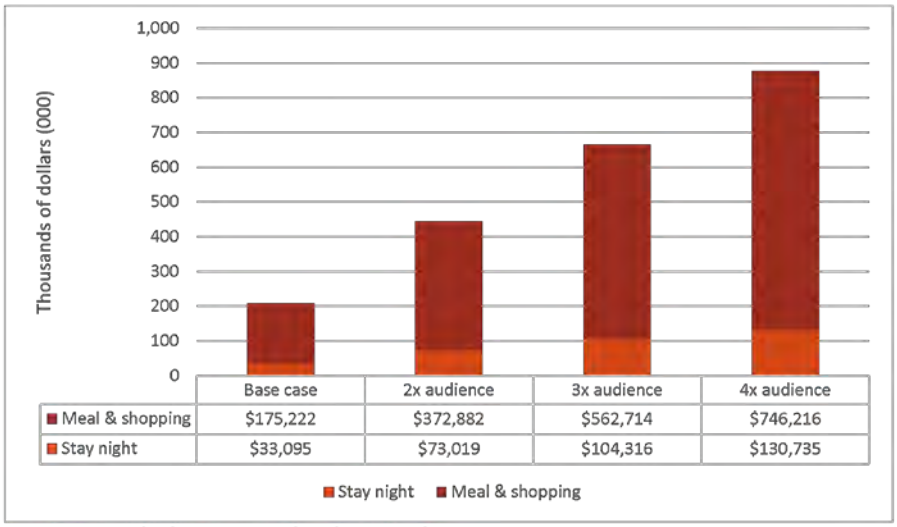


Figure 19: Potential indirect economic benefits to Hamilton

3.7. Risk and uncertainty

The table below identifies the key risks that might endanger or delay the achievement of the investment objectives. These are as follows:

Risk	Impact (H/M/L)	Probability (H/M/L)	Comments and Risk Management Strategies
Overruns in construction costs resulting in the need for additional council investment	H	M	Detailed costings should be prepared prior to the commencement of construction. Contingency should be allowed in the budget for unforeseen strengthening issues related to any potential seismic upgrades.
Construction time-frames are not met	H	M	Detailed time-frames should be agreed to as part of the contractual negotiations with

[18] Doubling people visiting Hamilton from these regions would have an indirect benefit of $$446k and tripling an indirect benefit of $667k.

Risk	Impact (H/M/L)	Probability (H/M/L)	Comments and Risk Management Strategies
			construction companies. Close communication should be maintained with promoters and other users to manage expectations.
Operating costs are higher than forecast resulting in the need for additional council investment	M	L	The H3 group should work closely with the design professionals throughout the design phase to ensure that the facilities are cost-effective to operate.
There is lower utilisation of the venue than has been budgeted	M	L	H3 initiate a business development strategy to both retain existing business and attract new clients.
External funding cannot be found an HCC has to bear more the cost	H	L	This will be mitigated via the staged approval process and a detailed revenue generation strategy

3.8. Sensitivity analysis

Founders Theatre's operating budget tends to run an annual operating deficit of around $600 to $650K. When the indirect expenditure, such as depreciation and costs of financing, are taken into account this deficit is even greater. Therefore, in purely financial terms, the investment is highly unlikely to show an operating surplus[19].

However, this is not unusual in a Theatre, and is typical of performing arts venues across New Zealand, except for a very small number of venues in Auckland. Largely this is because theatre profitability is linked to how long productions are able to run, which in turn is linked to the total size of the population catchment. Like every centre outside the Auckland urban area, Hamilton does not yet have the population to sustain long running shows.

Therefore, the focus of the financial modelling was to see what impact refurbishing, or not refurbishing the Theatre, would have on that deficit and to what extent the ratepayer would have to subsidise the Theatre.

Two sensitivity analyses were modelled:

- One where the refurbishment is undertaken and revenue is either 20% greater or 20% poorer than projected;
- One where the refurbishment is not undertaken and revenue decreases as restrictions are introduced, but the decrease in revenue varies by plus or minus 20%.

[19] There is a negative Net Present Value (NPV) that is, there is little likelihood that the Theatre will ever produce a sufficient financial return to justify the expenditure of capital.

3.8.1. Undertaking the refurbishment

We modelled the impact of more or less revenue if the refurbishment was undertaken in 2017/18 and 2018/19, versus the do-nothing option. We chose revenue because our analysis shows it will increase the most post-refurbishment, and fall the most if no refurbishment is done.

We assessed the impact of the do-nothing option where revenue was less than 20% than predicted, compared to revenue being 20% greater. We then compared those figures with our projected deficit if the refurbishment was undertaken; Figure 20 shows that even with 20% less revenue, the deficit would be around half that of not doing the refurbishment.

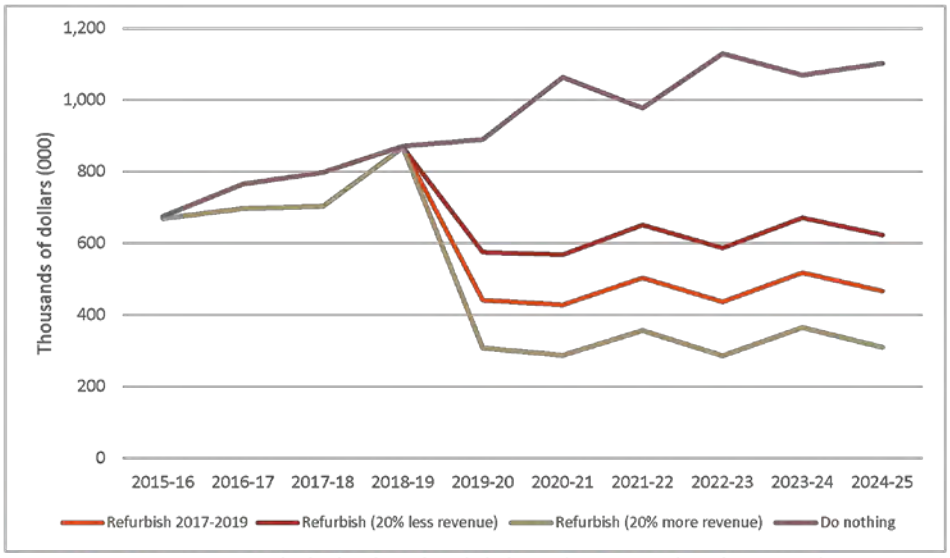


Figure 20: Rate payer operating subsidy after doing the refurbishment (20% more and 20% less revenue)

All of the scenarios show the Theatre will continue to run a deficit. However, the level of deficit reduces following a refurbishment because of the increase in revenue and decrease in direct costs. This is the case even if projected revenues are reduced by 20%.

Therefore, whilst the sensitivities do affect the level of rates subsidy required by Founders Theatre, it is apparent that even with lower revenues than projected, the level of subsidy required from ratepayers is significantly lower than the base case (before renovation), whilst the cultural and social benefits for the city have been improved.

3.8.2. Not undertaking the refurbishment

We modelled what the impact of not undertaking the refurbishment in 2017/18 and 2018/19, and the consequent decrease in revenue would be on the operating costs (excluding depreciation and costs of financing). The following graph sets out that impact.

We also looked at the impact of more revenue than projected in the do-nothing scenario. Figure 21 shows even if revenues do not decrease as much as forecast, the deficit is still more than twice that of undertaking the refurbishment.

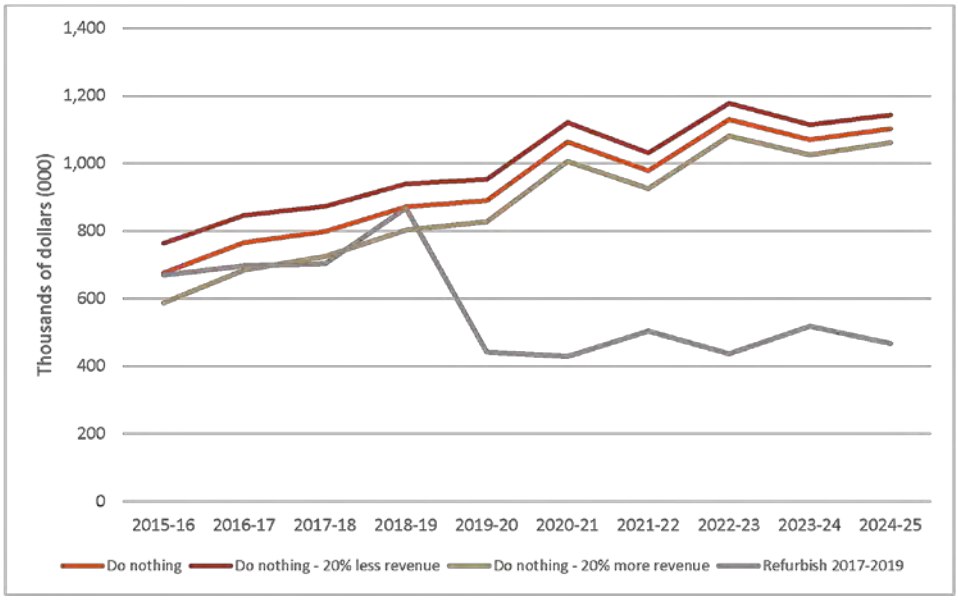


Figure 21: Rate payer operating subsidy after not doing the refurbishment (20% more and 20% less revenue)

All three do-nothing scenarios show that the Theatre would continue to operate at a deficit, and that the deficit would increase over time. If revenue were to decrease by 20%, the amount of rate payer subsidy would rise to almost $1.2m per annum from year 8. An assessment of the impact of reducing the Theatre's functionality to improve safety shows these may not be unreasonable scenarios (See section 0 on page 35).

4. The Commercial Case

4.1. Project sequencing

A single-stage project is proposed to undertake all remedial and new construction work on Founders Theatre, which is likely to be the most efficient (and therefore cost-effective) approach to the work.

The assumptions about how the work will be undertaken and the implications for ongoing operations at Founders Theatre is as follows:

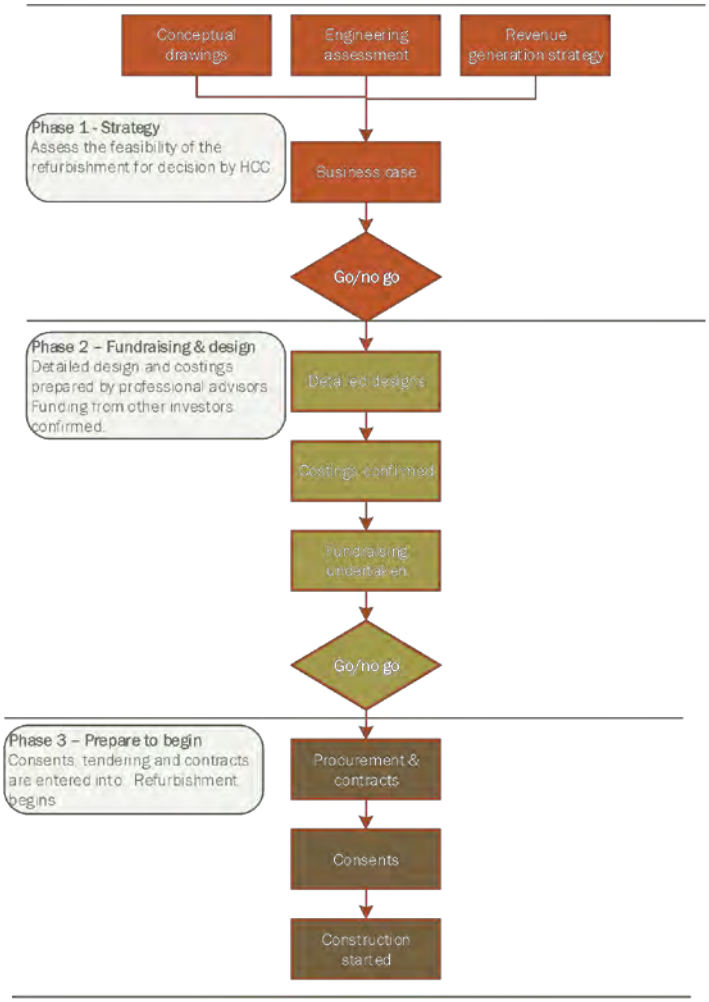
Item	All in one
Project duration	estimated 15 months December 2017 to March 2019
Theatre closure	estimated 15 months December 2017 to March 2019
Venue capacity during works	Theatre closed
Theatre impact	100% loss of revenue during the construction period
Staff impact	Staff continue to be employed throughout the renovation period. They will be redeployed within H# and will support the project
Services impact	No productions that might otherwise be supported by Founders will be held, unless they can be held in alternative venues.
Project duration	estimated 15 months December 2017 to March 2019

The intention is that the current permanent staff of Founders Theatre will be retained through the construction period, which means that a certain level of fixed costs will continue, irrespective of revenue changes.

The estimated revenue over that period will be $517k. However direct expenses will be reduced by $412k resulting in a net loss of $105k over the estimated 15 months of the project duration.

4.2. Staging mechanisms

Given the nature of the project, a staged approach to approving the investment should be considered, as shown in the following diagram. This is intended to manage the financial risk to the Council.



4.3. Construction

Procurement for the project will be managed in line with Council's Procurement Policy, and the Council's Procurement Strategy will be used to ensure that ratepayers obtain the best value for money by ensuring fair competition within a competitive and efficient market.

It should be noted that theatre design, theatre services design and theatre engineering is very specialised. The pool of potential specialists is very small, so the scope for a wide contestable

process is limited. Construction is not specialised so there are more opportunities for a broader tendering process.

It is anticipated that the procurement approach will be a combination of in-house expertise and external suppliers under contract.

The required services that will be subject to procurement are:

- Project management
- Detailed architectural and theatre design
- Structural, seismic and theatre engineering
- Building and facilities construction
- Founders Theatre-specific fit-out and commissioning services

The proposed payment approach is to match payments to key project deliverables, which will be agreed as part of the contract negotiation process with external suppliers.

4.4. Operation

As noted above, the preferred option is for the Council to continue to operate Founders Theatre as part of the H3 Group. Accordingly, no external services are being sought to operate the Theatre as part of this business case.

4.5. Required Services

The required services are:

Required Services	Anticipated Service Delivery Mechanism	Quality Attributes
Project management[20]	In-house	• As per Council's Project Management Manual • Regular reporting • Project delivered to time, quality and cost specifications
Design	External supplier/s	• Meets cost estimates • Consistent with concept designs • Effectively reuses existing structures where possible
Construction	External supplier/s	• Meets cost estimates • Consistent with concept designs • Effectively reuses existing structures where possible
Theatre services	External supplier/s	• Meets cost estimates • Consistent with concept designs • Effectively reuses existing services where

[20] It is assumed that there will be separate project managers for different elements of the project. Project management in this context is for the co-ordination of the various components of work, not necessarily the management of work that has a dedicated project manager. There may be work that the PM undertakes directly, for example if consents fall outside the contract the general project manager will undertake that work, procurement, overall reporting and the like.

Required Services	Anticipated Service Delivery Mechanism	Quality Attributes
		possible
Internal fit-out	External supplier/s	• As per concept design and purpose • Meets cost estimates
Asset maintenance	In-house	• Whole of lifecycle costs planned and understood
Facility management	In-house	• Systems and processes to effectively manage the facility

It is planned that the service risks (design, build and fit-out) will be apportioned between Council and external suppliers as appropriate.

4.6. Potential Payment Mechanisms

The proposed payment approach is for all contract payments to be in accordance with a certified payment schedule based on progress towards project deliverables. Contract retentions will be withheld for the normal period specified in Council's contracts manual.

5. The Financial Case – Funding Requirements

5.1. Investment and funding requirements

The following analysis was conducted to assess how reasonable it is to invest and the funding requirements of the project:

- The Base Case was projected out to the 2024/25 financial year in line with the 2015-25 Long Term Plan, working on the assumptions contained in the "Do Nothing" option. This shows revenue decreasing and costs increasing.
- Revised refurbishment costs based on the current Long Term Plan – with the refurbishment being undertaken in 2021/2022 and 2022/2023.
- The Preferred Option is projected out over the same timeframe to allow a direct comparison to be made. This shows both the higher revenues and the higher costs associated with the renovated venue, and thus a lower requirement for Council subsidy.

All options take into account the impacts on revenue and costs as a result of the measures taken to minimise safety risks have been implements

As can be seen from the following tables, Founders Theatre typically runs at a loss with a subsidy from rates of around $600,000 - $650,000 per annum, excluding the indirect expenditure[21] on the facility (see base case). The Council provides this subsidy as a reflection of the fact that the venue provides a social good – through being only theatre of its kind and size in the city and region.

However as shown in the Preferred Option table, the Founders Theatre will produce a less of a deficit (excluding indirect expenditure) once the proposed redevelopment has been completed, due to the higher revenue and reduced costs.

[21] This is the depreciation and the interest and financing costs allocated.

Table 2: Base case Founders Theatre - do nothing

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
TOTAL REVENUE	**441**	**405**	**371**	**341**	**313**	**287**	**264**	**242**	**222**	**204**
Direct costs										
Total Personnel Expenditure	306	312	319	325	332	338	345	352	359	367
Total Other Staff Expenditure	4	5	5	5	5	5	5	5	5	6
Total Activity Expenditure	267	299	293	328	309	446	325	441	346	344
Total Vehicle Expenditure	9	9	9	10	10	10	10	11	11	11
Total Utility Expenditure	129	132	135	138	141	144	147	150	154	157
Total Professional & Administration Expenditure	170	171	162	153	145	138	132	126	122	117
Total Other Expenditure	231	242	248	254	261	269	277	285	295	305
TOTAL DIRECT EXPENDITURE	**1,116**	**1,170**	**1,170**	**1,212**	**1,203**	**1,350**	**1,242**	**1,371**	**1,292**	**1,306**
NET SURPLUS/DEFICIT	(676)	(766)	(798)	(871)	(890)	(1,063)	(978)	(1,129)	(1,070)	(1,102)
Total Indirect Revenue	9	8	7	7	6	6	5	5	4	4
Total Indirect Expenditure	938	964	1,009	1,068	1,098	1,121	1,149	1,162	1,192	1,224
TOTAL INDIRECTS	(929)	(956)	(1,002)	(1,061)	(1,092)	(1,116)	(1,144)	(1,158)	(1,188)	(1,220)
NET POSITION	(1,604)	(1,721)	(1,800)	(1,932)	(1,981)	(2,179)	(2,122)	(2,287)	(2,258)	(2,322)

(all figures in thousands of dollars - $000).

Table 3:Revised Long Term Plan -refurbishment done in 2021-2022 and 2022-2023

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
TOTAL REVENUE	**441**	**405**	**371**	**341**	**313**	**287**	**110**	**72**	**712**	**805**
Direct costs										
Total Personnel Expenditure	306	312	319	325	332	338	257	232	278	284
Total Other Staff Expenditure	4	5	5	5	5	5	5	5	5	6
Total Activity Expenditure	267	299	293	328	309	317	193	383	357	294
Total Vehicle Expenditure	9	9	9	10	10	10	10	11	11	11
Total Utility Expenditure	129	132	135	138	141	144	106	103	164	169
Total Professional & Administration Expenditure	170	171	162	153	145	138	74	119	175	179
Total Other Expenditure	231	242	248	254	261	269	277	285	295	305
TOTAL DIRECT EXPENDITURE	**1,116**	**1,170**	**1,170**	**1,212**	**1,203**	**1,222**	**922**	**1,139**	**1,285**	**1,249**
NET SURPLUS/DEFICIT	(676)	(766)	(798)	(871)	(890)	(934)	(812)	(1,067)	(573)	(444)
Total Indirect Revenue	9	8	7	7	6	6	2	1	14	16
Total Indirect Expenditure	938	964	1,009	1,068	1,098	1,121	1,149	1,162	1,192	1,224
TOTAL INDIRECTS	(929)	(956)	(1,002)	(1,061)	(1,092)	(1,116)	(1,147)	(1,161)	(1,763)	(1,804)
NET POSITION	(1,604)	(1,721)	(1,800)	(1,932)	(1,981)	(2,050)	(1,959)	(2,228)	(2,336)	(2,248)

(all figures in thousands of dollars - $000).

Table 4: Refurbish Founders Theatre 2017-18 and 2018-19

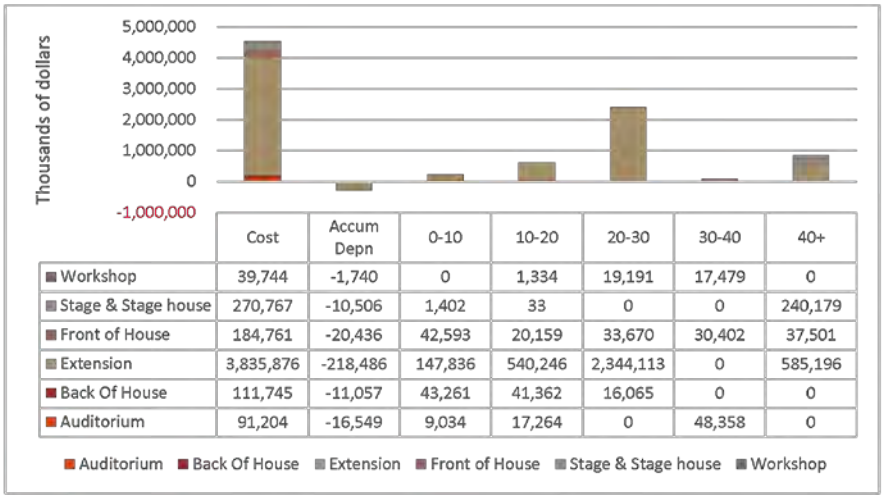
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
TOTAL REVENUE	**441**	**405**	**155**	**101**	**669**	**702**	**737**	**751**	**767**	**782**
Direct costs										
Total Personnel Expenditure	300	306	230	200	250	262	267	272	278	284
Total Other Staff Expenditure	4	5	5	5	5	5	5	5	5	6
Total Activity Expenditure	245	236	193	283	281	270	356	282	357	294
Total Vehicle Expenditure	9	9	9	10	10	10	10	11	11	11
Total Utility Expenditure	135	141	103	100	151	154	157	161	164	169
Total Professional & Administration Expenditure	186	163	70	117	153	160	167	171	175	179
Total Other Expenditure	231	242	248	254	261	269	277	285	295	305
TOTAL DIRECT EXPENDITURE	**1,110**	**1,102**	**858**	**969**	**1,111**	**1,130**	**1,241**	**1,188**	**1,285**	**1,249**
NET SURPLUS/DEFICIT	(669)	(697)	(703)	(867)	(442)	(428)	(504)	(437)	(518)	(467)
Total Indirect Revenue	9	8	3	2	13	14	15	15	15	16
Total Indirect Expenditure	938	964	1,009	1,068	1,822	1,840	1,880	1,921	1,966	2,013
TOTAL INDIRECTS	(929)	(956)	(1,006)	(1,066)	(1,633)	(1,648)	(1,684)	(1,720)	(1,762)	(1,804)
NET POSITION	(1,598)	(1,653)	(1,709)	(1,934)	(2,075)	(2,076)	(2,188)	(2,157)	(2,280)	(2,271)

(all figures in thousands of dollars - $000).

5.1.1. Depreciation Approach

As this is a capital project, depreciation is a key factor in assessing financial viability. The Council's depreciation schedule has been followed for all asset types, which is summarised as follows:

1. The original Founders Theatre was constructed in 1962 and has been fully depreciated, with no residual value remaining.
2. Since being built changes have been made to the building, that have not been fully depreciated. The following chart sets out the areas of the building that have not been fully depreciated and when they are expected to be depreciated. The area with the most to depreciate is the new extension built in 2000.



	Cost	Accum Depn	0-10	10-20	20-30	30-40	40+
Workshop	39,744	-1,740	0	1,334	19,191	17,479	0
Stage & Stage house	270,767	-10,506	1,402	33	0	0	240,179
Front of House	184,761	-20,436	42,593	20,159	33,670	30,402	37,501
Extension	3,835,876	-218,486	147,836	540,246	2,344,113	0	585,196
Back Of House	111,745	-11,057	43,261	41,362	16,065	0	0
Auditorium	91,204	-16,549	9,034	17,264	0	48,358	0

Figure 22: Net book value of parts of the building still to be depreciated in 10 year bands

3. The proposed changes are being depreciated on a 50-year straight-line basis and will be written down to zero residual value by 2069. The depreciation charge can be seen as the "Current depreciation" line in the Preferred Option table above.
4. The current plant and equipment is being depreciated using a straight-line method with a range of rates and finalisation dates. The depreciation charge for these items is also included in the "Depreciation" line in the Preferred Option table. Much of this equipment can be reused in the redevelopment.

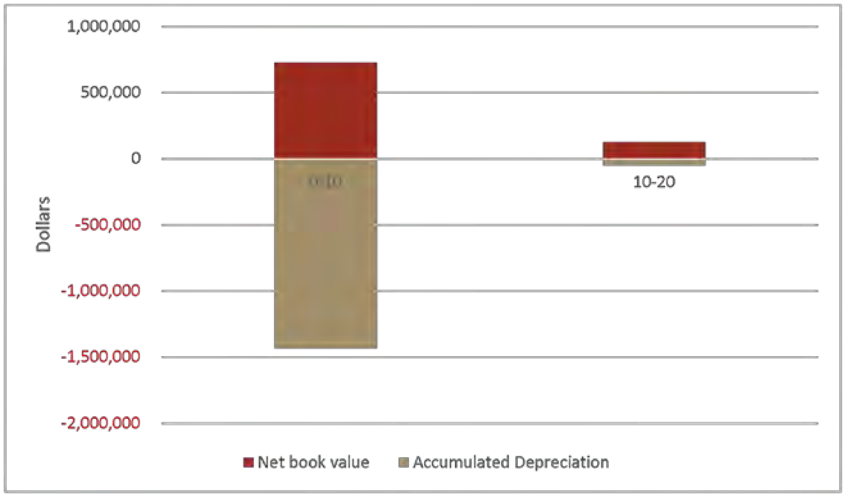


Figure 23: Net book value of operational plant and equipment and accumulated depreciation by 10 year bands

5. The new renovations and extensions will be depreciated on a 50-year straight line basis. The charge for these items is included in the "Depreciation" line in the Preferred Option table.
6. The depreciation approach includes a revaluation of the property in June 20121, along with a subsequent revaluation in 2024, in line with the Council's accounting policies.

As per the Council's accounting approach, depreciation comprises the non-funded item in the financial tables above. This means that the depreciation costs are not a charge on rates.

5.2. Funding the redevelopment

The following analysis was conducted to assess the affordability and funding requirements of the project.

Two possible funding options were identified. In both options the Council is the primary funder with a lesser contribution from one or more other sources.

Capital funding has been sought from Council, via the LTP 2015-25 process, and $14 million has been provisionally allocated with potential development work planned to start in 2020/21. However, given the potential safety issues and fitness for purpose, Council has agreed that work could commence earlier if a case can be made to do so - this is the subject of this business case.

There are a range of other funding sources are available for the project including central government, other Waikato local authorities, trusts and sponsors.

The Giblin Group has been engaged to look at other funding sources. It has developed a Revenue Generation Strategy (RGS), which examines the opportunities in detail and has identified $5.4 million in potential external funding.

The RGS provides a blueprint to raise external funding for the project, maximising funds from a range of diverse sources. It is built on six key components, each critical to the overall success of the Founders Project. These are:

- Local Government funding
- Central Government funding
- Corporate sponsorship
- Trust funding (community, private and gaming)
- Community fundraising
- Community engagement.

The RGS identifies appropriate funding sources and realistic targets for where funding should be sought from. The following graph demonstrates the identified funds from each funding sector. If approved, Council's contribution would be two-thirds of the total project cost. This puts the project in a good position to approach external funders as it demonstrates strong support for the project from the local authority. The remaining third is made up of external funding sources.

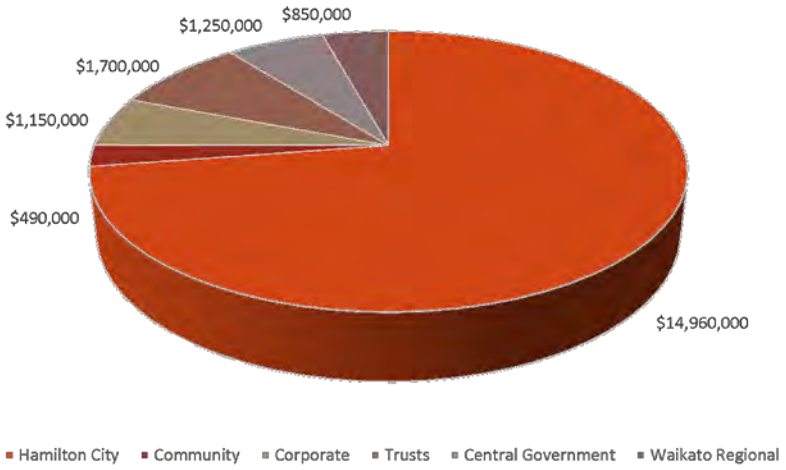


Figure 24: Founders Theatre Redevelopment - Funding Sources (Source RGS Giblin Group RGS)

This strategy identifies external funding sources, giving Council the confidence to bring some of the funding forward to the 2016/2017 financial year to allow construction to start in late 2017.

This strategy recommends Council commit to $14.96 million in 2016/2017 toward an estimated project cost of $20.4 million. Approximately $5.4 million has been identified (including contingency of 3.3%); however not all those funds will be granted the full requested amount, or indeed be granted at all.

In particular, some of the larger funds identified in this strategy are untested, due to being new, currently in hiatus or are highly relational. To be financially prudent and guarantee the viability

of the project, it is also recommended an under-write of $3.5 million be allocated for 2017/2018 in the event that not all funds identified can be secured.

5.3. Impact on the Councils budget

A final costing for the project will be submitted to Council for their ratification once the detailed design and the engineering assessment has been completed and costed.

The projected movements in operational revenues and costs for 2017/18 financial year will be addressed in the Council's six monthly review early in 2017. Projected future movements in operational revenues and costs in for 2017/18 and 2018/19 financial years will be addressed in the Council's annual plan processes for those respective years.

The movement of costs, revenues and funding requirements in the first three years – i.e. during the close-down, redevelopment and re-opening phases – is shown in the following tables (all figures in thousands of dollars - $000).

	2016-17	2017-18	2018-19	2019-20
Revenue	405	155	101	669
Expenses	1,102	858	969	1,111
Net Cost of Service	(697)	(703)	(867)	(442)
HCC Capital	2,300	5,850	8,400	[Underwrite][22]
External Funding Targets[23]	2,600	1,500	800	420
Funded by:				
General Rates	0	0	0	0
Non Funded items	0	0	0	0
Loans	2,300	5,850	8,400	[Underwrite]

[22] A project underwrite may be required to offset sponsorship paid in subsequent years or any funding shortfall from applications that are unsuccessful or only partly granted.

[23] This is when confirmation of funding is expected, if applications/approaches are successful in the projected timeframe.

6. Management Case: Planning for Successful Delivery

6.1. Project management planning

The project will be managed using the project management methodology contained within Council's Project Management Manual. The project will involve four stages:

- Project initiation (of which this Business Case process is part)
- Project planning
- Project execution
- Project completion and evaluation

A Project Sponsor, Project Manager and Project Advisory Group will oversee the project, in accordance with the Council's delivery methodology.

The proposed governance structure for the project is:

Project Sponsor – a Project Sponsor will be assigned who will be held ultimately accountable for the success of the project and the delivery of agreed benefits.

Project Manager – a Project Manager will be assigned who will be responsible for managing the delivery of the project budget, milestones and risks to plan.

Project Advisory Group – a Project Advisory Group will be established utilising key senior staff from a range of Council divisions that are stakeholders in the project, including tourism, corporate services, community development, economic development, works assets group and design.

Project Team – a project team will be established with relevant staff from across the organisation responsible for project delivery.

Regular reporting will be undertaken to Council's Chief Executive and Council where appropriate.

6.1.1. Project roles and responsibilities

The *project sponsor* is responsible to the Chief Executive for the successful delivery of the project. The sponsor appoints a project manager, approves the business case and feasibility study, approves the project plan, provides strategic direction and review and monitors all aspects of the project. The full description of the project sponsor's role is contained within Council's Project Management Manual.

The *project manager* is responsible for the delivery of the project to the sponsor on time, at agreed quality and within budget. The manager is responsible for the procedures and tasks as described in the Project Management Manual.

Given the impact of the project across Council's various divisions, a *project advisory group* will be established as a forum for making key decisions that affect the outcome of the project. Whilst the project sponsor is ultimately responsible for the project outcome, the Project Advisory Group will ensure all internal stakeholders are involved in the decision-making process throughout the project.

The *project team* are the individuals who are assigned the specific tasks in order to carry out the project, under the direction of the project manager. Given the large nature of the project, it may be appropriate to include the key suppliers and contractors who will be undertaking the design and construction of the facility on the project team.

6.1.2. Project plan and milestones

Based on Council's Project approach, the project will have four stages – initiation, planning, execution and completion – and is estimated to take approximately one year.

6.2. Benefits Management Planning

The purpose of a benefits management strategy is to describe in detail how the project intends to manage the delivery of the benefits on which the investment decision was made.

The investment objectives will be used as the framework for identifying, quantifying and measuring the benefits from the upgrades to Founders Theatre. These benefits will be monitored throughout the project, and will form a key part of the post-project evaluation in the project completion stage of the project.

6.3. Risk Management Planning

Risks arise because of limited knowledge, experience or information and uncertainty about the future or through changes in the relationships between parties involved in an undertaking. Risk Management provides a structured way of identifying and analysing potential risks, and devising and implementing responses appropriate to their impact. These responses generally draw on strategies of risk prevention, risk transfer, impact mitigation or risk acceptance. Within a single project or proposal each of these strategies may have application for different individual risks.

For this project, several phases of risk analyses will be conducted:

- At concept development and appraisal stages of the Business Case, which will include assessment of the commercial, technological, contractual, economic, environmental, financial and political risks;
- At the procurement and construction stages of the approved project, which will include assessment of the construction and maintenance, health and safety, human factors, natural events, organisational and systems risks;
- At the conclusion of the construction stage, which will include assessment of any maintenance or disposal risks.

Risks are managed according to a framework that aims to identify and rank risk, understand the potential consequences of the risk, and putting in place measures to mitigate the risk.

Risk identification has commenced for this project in the section on Risks and Uncertainty above. This will form the basis for an ongoing risk register which will need to be managed by Council's Project Advisory Group throughout the life of the project.

6.4. Post-Project Evaluation Planning

Project evaluation reviews will form a key part of the role of the Project Advisory Group, and will take place on a regular basis to monitor costs, risks, contract management, and that expected benefits are on track to realisation.

Formal post-project evaluation will take place 3-6 months after project completion when the new facilities are fully operational. The evaluation reviews the project from the business case phase through to delivery, with the focus on:

- The benefits and outcomes are achieved as planned;
- Operational expectations and arrangements are functioning as planned;
- Costs and risks were appropriately controlled.

Post-project evaluation forms part of the project file as part of Council's developing knowledge base for continuously improving the way it manages projects.

7. Recommendation

Given the desirability of Hamilton having a fit for purpose, safe and structurally sound theatre, it is recommended that:

7. The Hamilton City Council invest $20.4 million in the 2015/16, 2016/17 to 2018/19 financial years to upgrade and extend the Founders Theatre. This is subject to the completion of the detailed design process and successful fund raising.
8. A staged approach to approving the investment should be considered, as shown in the diagram set out in *4.2 Staging mechanisms*. This is intended to manage the financial risk to the Council.
9. A single stage construction approach is used, commencing in 2016 and concluding in March 2019.
10. The upgrade is managed in accordance with the Council's project management methodology to ensure that the required objectives – for time, cost and quality – are met, and that the risks associated with making significant changes are managed effectively.

7.1. Appendix 2: Shand-Shelton Report

7.2. Appendix 3: Revenue Generation Strategy

Founders Theatre Fly System Safety Audit

22 February 2016

Contents

Introduction

A safety audit was conducted at Founders Theatre on 22 February 2016, to examine the fly system of the theatre. The audit was conducted on site and involved discussions with staff, site inspection and a documentation review.

The auditor examined the system against three areas:

1. Certification of the system.
2. Maintenance of the system.
3. Training of operators.

"A Guide for Safe Working Practices in the New Zealand Theatre and Entertainment Industry" (Version 12) was the reference document for the audit.

Summary

Hamilton City Council is currently accepting significant risk with the Founders Theatre fly system. The core issue is that the fly system does not have any engineering certification to state that the fly system is safe for use, this is not good engineering or safety practice. This, along with no external safety audits of the system having been undertaken for some years, means that the safety, security and load capacity of the fly system is in an unknown state, raising the probability of an adverse event.

The fly system is used to suspend loads over the stage and therefore performers on the stage, the protection of users from the potentially high consequences of falling objects is therefore a significant duty as the potential exists for multiple injuries should any suspended object fall.

If a risk assessment is conducted using the Hamilton City Council safety risk matrix[1], the lack of engineering certification and annual inspections places the fly system in an unknown state; this dictates the probability of an adverse event as 'likely'. The consequence of an adverse event is catastrophic due to the possibility of multiple performer harm, making the total risk 'very high'. Hamilton City Council will have to decide if it is willing to accept such a safety risk either now or under the pending Health & Safety at Work Act.

The auditor recommends that the fly system is not used until the system receives written engineering certification that gives Hamilton City Council surety that the probability of an adverse event due to fly system failure is reduced to at least 'moderate'.

[1] Attachment A

Participation

The auditor wishes to thank the following for the open and frank way in which they approached the audit. The people listed attended the auditor over the day and their willingness to share and discuss the fly system and the processes around it was appreciated:

1. Sean Murray	H3 and Events General Manager
2. Chad Hooker	Director of Operations
3. Richard Sutherland	Venue Manager
4. Sven Ladewig	Technical Services Manager
5. Paul Johns	Technician
6. Grant Shearer	Technician
7. Chelsea Dolman	H&S Representative for Founders Theatre

Background

"A Guide for Safe Working Practices in the New Zealand Theatre and Entertainment Industry" was the reference document for the fly system audit. This guide has been produced by the theatre industry and is seen as the acceptable practice standard in New Zealand.

The theatre was constructed in 1962 with a manual hand line fly system installed. A counter-weight fly system was installed to some of the fly system in the 1970's. The theatre fly system now comprises three different systems to suspend objects:

1. Counter-weight fly system.
2. Winch system.
3. Hand line system.

Staff reported that there is ongoing concern about the systems and there have been changes and reductions in the system weights over time. There are also concerns about legacy asset management of the site and a lack of construction and engineering information about the fly system.

A report by Shand Shelton was provided to the auditor. This report (Flying System Review; May 2014) concluded that "… the Founders Flying System is now past the end of its economic life and Health & Safety issues exist". Their report contained details of their findings that encompassed the fire curtain, fly system rigging and loading considerations. Founders Theatre staff produced an action plan to address these issues with 58 line items to be attended to. Most of these items have been actioned.

An August 2011 "Founders Theatre Roof Structure Assessment" report by Opus was provided to the auditor. This report examined "a selection of the structural components of the Founders Theatre". This report covered elements of the fly system but excluded the rigging.

Site Observations

The site was tidy throughout, with lines and leads well stored.

The ceiling area above the amphitheatre has had recent work on providing safe means of access, with new handrails and an engineered aluminium walkway installed.

The grid area of the fly system had some wire ropes rubbing on pulleys or brackets, a misaligned pulley, pulley sizes that did not match the diameter of the wire rope, and some pulley keepers not installed.

The beam that the winches are attached to has numerous holes on the beam web, where the winches have been relocated over time. This places the load capacity of the beam in question.

The upper counter-weight loading platform is used to store counter-weights, along with being an operator space. Concern was expressed that this platform is not engineering certified and carries a substantial weight. The hand rail closest to the building wall has no mid-rail, which does not align with the WorkSafe NZ "Best Practice Guidelines for Working at Height in New Zealand".

To put the engineering certification comment in the summary in context, the hand lines are secured to a laminated beam that appears to be original. With the hand lines loaded at capacity, this beam is holding over 1.7 tonnes of weight. The lack of engineering certification means that the safe load capacity of the beam can only be assumed. Note that it is not recommended to assume that past safe performance is an indicator of future safe performance, particularly on a 50 year old asset.

The January maintenance schedules completed by the Technicians were provided, these take the form of a checklist. Three separate checklists are completed that apply to the fly system, along with one for the theatre as a whole.

Findings

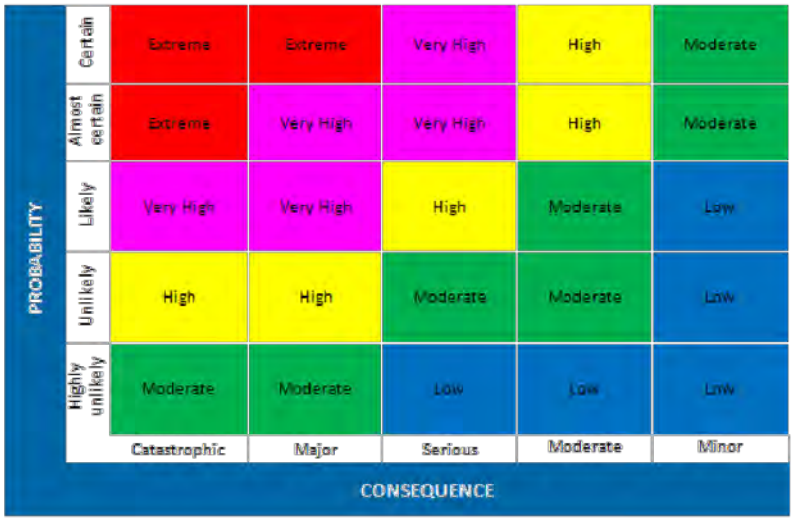
1. No evidence was able to be provided that the fly system is certified by an engineer for use. While some elements have been (e.g. winches), the entire system must be examined as a whole (i.e. from winch to batten) to determine the safety, security and load rating of the system. The theatre guideline calls for a general rigging safety factor of 5:1 and for flying performers, 8:1. At present, it is unknown if the theatre is meeting this requirement as the engineered load rating of the fly system is unknown.
2. Evidentially and reportedly, no external annual certification of the fly system is taking place. This contravenes the theatre guideline and means that the theatre has no independent validation of the fly system's safety.
3. There are standard operating procedures on the use of the fly system. Reportedly, venue users are able to operate the fly system under Technician supervision, no evidence of venue users being trained in the use of the fly system was provided.
4. The technicians receive Unit Standards-based training in working at height, elevating work platforms, first aid and evacuations. Technician training is an area of strength at the theatre.
5. Ergonomically, the fly system is poor. Staff are required to lift 13kg weights of a poor shape (counter-weights) and then stretch and twist to fit them to the counter-weight cradle, multiple times. The hand line system is not counterbalanced and requires high load/muscle effort to operate.
6. Access to the fly system operating and loading areas is by fixed ladder which presents a fall risk.

Recommendations

1. That the fly system is de-loaded and decommissioned until the system receives written engineering certification that it is safe for use.
2. Implement annual external certification of the fly system in accordance with the theatre guideline.
3. Ensure that venue users are trained in fly system operation and records are kept of this training.
4. Ensure that training requiring a refresher is called for as required.
5. If the fly system is upgraded, consider the ergonomic elements of the system.
6. Evaluate access to the fly system to eliminate or minimise the fall risk.

Chris Woods
Securius Safety
29 February 2016

Attachment A – Hamilton City Council Safety Risk Matrix



Dunning Thornton consultants

Ref: 7674 L02

15 February 2016

Hamilton City Council
c/- Shand Shelton
P.O. Box 27-478
WELLINGTON 6141

Attention: Phil Conroy

Dear Phil

Founders Theatre Initial Assessment

Further to our visit to site 23rd November 2015 and subsequent discussions, we summarise the key structural items as follows.

The building appears to have been constructed generally in accordance with the record drawings including the subsequent additions over recent years. As expected, most ad-hoc alterations have been made in the stage house to facilitate productions. We have been provided with the review by Opus of the rigging, and did not note during our visual inspections any items which appeared grossly inadequate.

We have reviewed the 2007 IEP and note although it is carried out in accordance with the guidelines, by the nature of the structural form of the building characterised by tall walls and large open spaces, it is unlikely to properly reflect the existing seismic capacity. This has been confirmed by our initial conclusions below.

We have carried out approximate calculations reviewing the likely ballpark capacity of the stage house seismic system based on the roof ring beams and trusses forming the critical diaphragm. Although no way near current code load capacities, the stage house is fairly robust and is likely to have a capacity around the 33%*NBS* levels, i.e. those which determine if it is earthquake prone. Further detailed seismic assessment would be required to determine more precisely whether it was formally Earthquake Prone or not, but at around 33%NBS it would normally be considered acceptable to continue to use the building for a finite term of up to 5-10 years whilst planning for seismic upgrade.

Consulting Structural Engineers
94 Dixon Street, PO Box 27-153, Wellington 6141
Telephone (644) 385-0019, E-Mail: dtcwgtn@dunningthornton.co.nz

The proposed upgrade would alter the proscenium opening, and as such render much of the existing front wall unsuitable for re-incorporation into the altered structure. Similarly the work required to the side walls would give the opportunity to widen the stage. As such the only true re-usable section of the structure is the rear wall. We believe an option of retaining this and part of the back of house structure should be considered during preliminary design. However considering how new stage houses are constructed, and the restrictions and cost of temporarily retaining the rear wall we suspect it may not prove to be economic compared to demolition and re-construction. As such allowances will need to be made in the budget for this work.

If the stage were widened, little would remain of the loading dock side of the back of house, other than the recent 'lean-to' addition. This is made from structural steel and lightweight wall construction, and so not of inherent high value. We would also suspect, given its cladding, that it may have some internal degradation due to moisture ingress. As such we believe it will be more practical and economic to rebuild any requirements for back of house facilities on this side.

The Western side structures (both original and the extension) are relatively robust and can be cut back to a grid line fairly easily, then incorporated into the new structure. Only minor strengthening is expected, most likely providing a diaphragm to the roof level, bracing of the ceilings, and minor items that will come out of the detailed analysis. The structures are very "reusable".

In undertaking the stage house review we also looked at its connections to the auditorium. The existing auditorium is extremely large and long. Supported by a concrete-encased steel frame, the roof contains large-span steel trusses and the perforated ceiling essential to provide adequate lighting to the stage. There is little to no diaphragm action in the roofing, ceiling or truss arrangement throughout this level. We understand a new roof was constructed in the last 10 years, however there we saw no evidence of any seismic resistance in this element. This leaves the auditorium side walls to simply cantilever up from the foundations and the raking seating level. Although no detailed calculations have been carried out (this was not part of our scope), it is quite likely that the capacity of these side walls is significantly less than the trigger levels for an earthquake-prone building. We believe this detailed analysis should be undertaken and would encourage the pursuit of a retrofit scheme as soon as practical.

The front wall of the auditorium appears robust at the upper levels, however its role in the auditorium's seismic resistance is compromised by the large number of openings at ground floor level. Any seismic retrofit scheme is likely to require additional bracing structures to be incorporated in this frame line.

The remainder of the foyer is relatively robust and may require only minor structural augmentation once a detailed seismic evaluation is carried out.

The building is situated on an area of the Hamilton alluvial plane that we understand is unlikely to be liquefaction-prone, although detailed investigations should be carried out as part of any retrofit scheme. We do not see the existing foundations as a high-risk item at this stage. All existing foundations are strip and pad footings and it is likely that any new stage house structure, whilst very tall, can

Consulting Structural Engineers
94 Dixon Street, PO Box 27-153, Wellington 6141
Telephone (644) 385-0019, E-Mail: dtcwgtn@dunningthornton.co.nz

also be shallowly founded. Careful positioning of shear wall structures will be required to ensure expensive hold-down piles are limited in extent.

Overall, the existing building is fairly robust and adaptable for its age. However, it contains two Achilles heels: firstly the existing stage house's small size means it has to be mostly or totally demolished to provide a new stage house adequate for modern theatrical requirements. Secondly, the auditorium roof diaphragm is an essential part of a theatre's seismic resistance and is almost absent in the existing structure. It is important that redevelopment plans consider the cost impacts of the above items, and if possible that redevelopment not be delayed unnecessarily, as we believe the Auditorium roof diaphragm (or lack thereof) is a significant seismic risk.

We trust the above adequately captures the conversations had with yourselves and the architects.

Yours faithfully

p.p. for,

Alistair Cattanach
DIRECTOR
160215 AWT

Consulting Structural Engineers
94 Dixon Street, PO Box 27-153, Wellington 6141
Telephone (644) 385-0019, E-Mail: dtcwgtn@dunningthornton.co.nz

Hamilton City Council
Te kaunihera o Kirikiriroa

council report

Committee: Council **Date:** 31 March 2016

Report Name: 2016 Triennial Elections - Pre-election Information **Author:** Jude Pani

Report Status	*Open*
Strategy, Policy or Plan context	*2016 Local Authority Elections – Procedural*
Financial status	*There is budget allocated for the 2016 Local Authority Elections for Hamilton City*
Assessment of significance and	*Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is not considered to have a high degree of significance*

1. Purpose of the Report

2. To provide Council with an update on the 2016 triennial Council elections which will occur on Saturday 8 October 2016, and to seek a decision on the order in which candidates' names are to appear on the voting documents.

3. Executive Summary

4. The 2016 triennial local authority elections for Hamilton City Council will be held on Saturday 8 October 2016. They are required to be undertaken in accordance with the Local Electoral Act 2001, the Local Electoral Regulations 2001, the New Zealand Public Health & Disability Act 2000 and, to a limited extent, the Local Government Act 2002.

5. The Council has appointed the Democracy Manager as the Electoral Officer for Hamilton City Council. The Deputy Electoral Officer is Dale Ofsoske, Independent Election Services Ltd. Independent Election Services Ltd undertake the vote processing for Hamilton City Council. Dale will be in attendance at the Council meeting on 31 March.

6. Although not mandatory, Clause 31(1) of the Local Electoral Regulations 2001 allows the Council to decide whether the candidates' names are to be arranged on the voting documents in:
   - Alphabetical order of surname; or
   - Pseudo-random order; or
   - Random order.

7. Recommendations from Management

That:

8. the report be received; and

9. the Council **resolves** for the 2016 Hamilton City Council triennial elections, to adopt *either:*
    i. the alphabetical order of candidate names; or
    ii. the pseudo-random order of candidate names; or
    iii. the random order of candidate names

    as permitted under Regulation 31 of the Local Electoral Regulations 2001.

10. Attachments

11. Attachment 1 - 2016 Triennial Election - Timetable
12. Attachment 2 - 2016 Triennial Elections - Fact Sheet

13. Background

14. The Local Electoral Act 2001 and the Local Electoral Regulations 2001 set out the rules the Electoral Officer is required to comply with when running a local authority election.

15. Elections will be required for the following positions:
    - Mayor (elected 'at large')
    - Councillors (12)
        - East Ward (6)
        - West Ward (6)
    - Waikato Regional Council Members (either 4 members from the Hamilton General Constituency, or 1 member from the Nga Hau e Wha Māori Constituency)
    - Waikato District Health Board Members (7 members elected 'at large')

16. With an election date of Saturday 8 October 2016, the following key requirements and dates apply:

Nominations open/roll opens	Friday 15 July 2016
Nominations close/roll closes	Friday 12 August 2016 (noon)
Delivery of voting mailers	From Friday 16 September 2016
Close of voting	Noon Saturday 8 October 2016

17. A more detailed timetable is attached (Attachment 1) and has been placed on the Council's website.

18. A **2016 Election Fact Sheet** attached (Attachment 2) summarising the key functions of the Election has also been placed on Council's website.

19. Section 99A of the Local Government Act 2002 requires each local authority to prepare a **pre-election report**, whose purpose is to provide information to promote public discussion about the issues facing the local authority. The pre-election report is prepared by the Chief Executive, must contain financial and major project information, and must be completed by 30 June 2016.

20. Government has agreed to consider trialling **online voting** (in conjunction with postal voting) for certain territorial authorities for the 2016 triennial elections.

21. Expressions of interest from territorial authorities were called for by Local Government New Zealand in June 2015 and eight territorial authorities have agreed to participate. The eight territorial authorities to potentially trial online voting are: Masterton District Council, Matamata-Piako District Council, Palmerston North City Council, Porirua District Council, Rotorua Lakes Council, Selwyn District Council, Whanganui District Council and Wellington City Council.

22. The trials are subject to compliance to a comprehensive Department of Internal Affairs requirements document and to Government's final approval, expected in March 2016.

Order of Candidate Names

23. Although not mandatory, the Local Electoral Regulations 2001 allows local authorities to consider the order of candidates' names on the voting documents. Historically, they were always presented alphabetically.

24. The names of the Hamilton City Council candidates at the 2013 local authority elections were arranged on the voting documents in random order.

25. Clause 31(1) of the Local Electoral Regulations 2001 allows the Council to decide whether the candidates' names are to be arranged on the voting documents in;

- Alphabetical order of surname; or
- Pseudo-random order; or
- Random order.

26. If no decision is made, the order of names defaults to alphabetical order.

27. The features of each arrangement are described as follows:

28. Option 1 – Alphabetical order of surname
Alphabetical order is simply listing candidate surnames alphabetically and is the order traditionally used in local authority and parliamentary elections.

29. Option 2 – Pseudo-random order
Pseudo-random order is where candidate surnames are randomly selected and the order selected is the order appearing on all voting documents relevant to that issue. The names are randomly selected by a method such as drawing names out of a hat.

30. The Regulations provide that if a local authority has determined that pseudo-random order is to be used, the Electoral Officer must state, in the public notice the date, time and place at which the order of the candidates' names will be arranged and any person is entitled to attend.

31. Option 3 – Random order
Random order is where all candidate surnames are randomly selected and the order of surnames is different on every voting document. The names are randomly selected by computer so that the order of surnames is different on each voting document.

32. The random order enables names to be placed on each issue in a completely unique order on each voting document.

33. Financial Implications

34. 2013 Election Costs
The final cost for the 2013 election was $507,502 + GST. This sum included the additional costs associated with the electoral system and water fluoridation polls. Council was able to recover 39% of this total cost ($198,118 + GST) from the other organisations that elections were conducted on behalf of, namely Waikato Regional Council and Waikato DHB. This left a net cost to Council for its elections and polls of $308,934 + GST.

35. 2016 Election Costs
A similar budget has been allocated for 2016/2017.

36. There is no price differential in printing costs between the three orders of candidate names.

Signatory

Authoriser	Richard Briggs, Chief Executive

2016

Timetable
Triennial Election

Hamilton City Council
Te kaunihera o Kirikiriroa

SATURDAY 8 OCTOBER 2016

Wednesday 2 March - Saturday 30 April 2016	Ratepayer roll enrolment confirmation forms sent [Reg 16, LER]
Wednesday 2 March - Wednesday 6 July 2016	Preparation of ratepayer roll [Reg 10, LER]
May 2016	National ratepayer roll qualifications and procedures campaign [Sec 39, LEA]
Monday 27 June 2016	ES enrolment update campaign commences
Wednesday 13 July 2016	Public notice of election, calling for nominations, rolls open for inspection [Sec 42, 52, 53, LEA]
Friday 15 July 2016	**Nominations open / rolls open for inspection** [Sec 42, LEA]
Friday 12 August 2016	**Nominations close (12 noon) / rolls close** [Sec 5, 55, LEA, Reg 21, LER]
Wednesday 17 August - Wednesday 24 August 2016	Public notice of candidate names [Sec 65, LEA]
by Monday 12 September 2016	Electoral officer certifies final electoral roll [Sec 51, LEA, Reg 23, LER]
Friday 16 September 2016	ES letter sent to unpublished roll electors
Friday 16 September - Wednesday 21 September 2016	**Delivery of voting documents** [Sec 5, LEA, Reg 51, LER]
Friday 16 September - Saturday 8 October 2016	Progressive roll scrutiny [Sec 83, LEA] Special voting period Early processing
by 12 noon, Friday 7 October 2016	Appointment of scrutineers (noon) [Sec 68, LEA]
Saturday 8 October 2016	**Election day** [Sec 10, LEA] Voting closes 12 noon - counting commences [Sec 84, LEA] Preliminary results (FPP) available as soon as practicable after close of voting [Sec 85, LEA]
after 12 noon, Saturday 8 October - Thursday 13 October 2016	Official count [Sec 84, LEA]
Saturday 15 October - Wednesday 19 October 2016	Declaration/public notice of results [Sec 86, LEA]
Mid-December 2016	Return of election expenses & donations form [Sec 112A, LEA]

election services

// Dale Ofsoske
Deputy Electoral Officer
Hamilton City Council
November 2014

LEA = Local Electoral Act 2001
LER = Local Electoral Regulations 2001
ES = Enrolment Services, Electoral Commission
FPP = First Past the Post

2016

Fact Sheet
Triennial Election

Hamilton City Council
Te kaunihera o Kirikiriroa

GENERAL

Triennial elections for elected members of most local authorities throughout New Zealand are to be conducted, by postal vote, on Saturday 8 October 2016.

The elections will be conducted under the provisions of the Local Electoral Act 2001 and the Local Electoral Regulations 2001 and will be administered under contract, by Election Services, for the Hamilton City Council.

POSITIONS

Elections will be required for the following positions:

- ***Mayor*** (elected 'at large')
- ***Councillors*** (12)
  - East Ward (6)
  - West Ward (6)
- ***Waikato Regional Council Members*** (either 4 members from the Hamilton General Constituency, or 1 member from the Nga Hau E Wha Māori Constituency)
- ***Waikato District Health Board Members*** (7 members elected 'at large')

NOMINATIONS

Nominations for the above positions will open on **Friday 15 July 2016** and close at **noon** on **Friday 12 August 2016.**

Nomination forms will be available during this period from:

- the Elections Office, Municipal Building, Garden Place, Hamilton
- by accessing www.hamilton.co.nz/elections
- by telephoning 07 838 6883 or 0800 268 624

To be eligible to stand for election, a candidate must be:

- enrolled as a Parliamentary elector (anywhere in New Zealand); and
- a New Zealand citizen.

Detailed candidate information handbooks will be available from the electoral office (phone 0800 922 822) from May 2016.

ELECTORAL ROLL

Those eligible to vote at the election are all resident electors and non-resident ratepayer electors whose names appear on the electoral roll when it closes. The preliminary electoral roll (by ward) will be available for public inspection at Council offices within the district from **Friday 15 July 2016** to **Friday 12 August 2016.**

Resident Roll. All parliamentary electors, including those on the Māori Electoral Roll, are automatically enrolled on the Resident Roll, at the address where they live.

Any alterations to the Resident Roll (eg change of address details, including new postal addresses) should be made by:

- completing the appropriate form at any post shop;
- telephoning 0800 ENROLNOW (0800 367 656)
- accessing the Enrolment Services (Electoral Commission) website on www.elections.org.nz

Ratepayer Roll. If a person is on the parliamentary roll in one area and pays rates on a property in another area, this person may be eligible to be enrolled on the non-resident ratepayer roll. A firm, company, corporation or society paying rates on a property may nominate one of its members or officers as a ratepayer elector (providing the nominated person resides outside of the area). Ratepayer Roll Enrolment Forms are available at the Elections Office in Hamilton, or by phoning the electoral office on 0800 922 822.

ELECTORAL SYSTEM

The first past the post (FPP) electoral system will be used for all elections except for the Waikato District Health Board which will use the single transferable voting (STV) electoral system.

VOTING PERIOD

Voting documents will be sent to all eligible electors, by post, from **Friday 16 September 2016.**

The voting period is three weeks (**Friday 16 September 2016** to **noon Saturday 8 October 2016**). Electors may post their completed voting documents back to the electoral officer using the orange pre-paid envelope sent with their voting document. Polling places for the issuing of special voting documents and for the receiving of completed voting documents will be available from Friday 16 September 2016 to noon Saturday 8 October 2016 at the Elections Office in Hamilton.

To be counted, all completed voting documents must be in the hands of the electoral officer or an electoral official by **noon Saturday 8 October 2016.**

Progress results will be known early afternoon, and preliminary results will be known late in the evening on **Saturday 8 October 2016.** These will be accessible on Council's website www.hamilton.govt.nz/elections

For further information regarding these elections, please contact:

// Jude Pani, Electoral Officer
Hamilton City Council
Private Bag 3010, Hamilton 3240
Email: Jude.Pani@hcc.govt.nz
Phone: (07) 838 6699 or 0800 268 624

// Dale Ofsoske, Deputy Electoral Officer
Hamilton City Council
PO Box 5135, Wellesley Street, Auckland 1141
Email: info@electionservices.co.nz
Phone: 0800 922 822

Hamilton City Council
Te kaunihera o Kirikiriroa

council report

Committee: Council **Date:** 31 March 2016

Report Name: International Visit - Wuxi and Chengdu **Author:** Richard Briggs

Report Status	*Open*
Strategy, Policy or Plan context	
Financial status	*Amount $8992 remaining of budget (not expected to be spent)*
Assessment of significance	*Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is not considered to have a high degree of significance*

1. Purpose of the Report

2. The purpose of this report is to inform Council of a Mayoral led delegation visit to Wuxi and Chengdu.

3. Background

4. The Council formalised a sister city relationship with Wuxi in 1986. Mayor Wang Quan visited Hamilton last year and extended an invitation to the Mayor to visit Wuxi in 2016 to coincide with the 30th anniversary of this sister city relationship. That invitation has been followed up by the Wuxi Foreign Affairs Office.

5. The council formalised a sister city relationship with Chengdu in 2015, following a memorandum of understanding between the two cities signed in 2014. This relationship was first established in the 1990s when a memorandum of understanding was signed with various organisations in the Waikato. First Vice Mayor of Chengdu, Zhu Zhihong, visited Hamilton in 2015.

6. The last visit to China by a Hamilton mayor was in 2008. Prior to that at least one official visit was made by the Hamilton Mayor in each election term. Hamilton receives a delegation from Wuxi each year and last year this was led by that city's Mayor. Hamilton has received a delegation from Chengdu for each of the past four years.

7. The International Relations Policy recognises the importance of international relations to the economic and cultural growth of Hamilton. In recent years, together with the Chamber of Commerce, Hamilton has met with business delegations from China and supported inquiries about business opportunities. This year, delegations from Chengdu and Wuxi are intending to come to Fieldays.

8. Visit to China

9. The Mayor of Chengdu has invited Mayor Hardaker, at their cost, to lead a city delegation to attend the Global Innovation and Entrepreneurship Fair in Chengdu from 23 June – 26 June 2016. Attached is the information about this Fair, which includes an innovation forum for mayors for Chengdu's sister cities.

10. The Mayor has accepted the invitation. A visit to Wuxi to commemorate the 30th anniversary, prior to attending the Innovation Fair in Chengdu, will be part of the trip. Accompanying the Mayor will be Justine Allen, Manager Civic and International Events. The following organisations will be invited to be part of the visiting party:
    - Waikato Innovation Park
    - University of Waikato
    - Waikato Tainui
    - Wintec (it is understood Wintec may already be attending)
    - Waikato Chamber of Commerce
    - Fieldays
    - NZ China Friendship Society
    - New Zealand Trade and Enterprise

11. The itinerary is in the process of being finalised but it will include a visit with the NZ Consul General based in Chengdu. A display about Hamilton and the Waikato will be installed at the Innovation Fair.

12. Flight costs from New Zealand to Chengdu and return for the Mayor and one other will be paid for by the Chengdu government and local expenses for the duration of the Fair (including accommodation, admission fees and transport) for up to 6 people. Wuxi has indicated it will meet accommodation costs in that city (this is still to be confirmed).

13. The Mayoral Office budget provides for travel and accommodation costs and has a credit balance as at 29 February 2016 of $8,992. Any shortfall in costs for this visit to China will be met from this budget and is expected to be minimal given the generosity of the host cities in meeting in-country and flight costs.

14. Recommendation from Management

That the Report be received.

15. Attachments

16. Attachment 1 - International Visit - Global Innovation and Entrepreneurship Fair

Signatory

Authoriser	Richard Briggs, Chief Executive

Global Innovation and Entrepreneurship Fair 2016

June 23-26, 2016

Chengdu, China

Time & Venue

- June 23-26, 2016
- Chengdu Century City International Convention Center, Chengdu Century City New International Convention and Exhibition Center.

Prospective Attendees

Chinese Attendees:

- Representatives of central government and relevant ministries
- Mayors and high-level officials of cities renowned for innovation and entrepreneurship
- Representatives of national innovation demonstration zones and national hi-tech industrial development zones
- Representatives of entrepreneurial and innovation-oriented universities, venture parks, incubators and start-up companies

Foreign Attendees:

- Mayors of international sister cities of Chengdu and representatives of government agencies, companies, higher education intuitions and research institutions from these cities
- Representatives of national regulators of innovation and entrepreneurship, innovative institutions and innovative companies around the world
- CEOs or high-level representatives of companies renowned for innovation
- Consul-Generals of foreign consulates in Chengdu and Chongqing and representatives of foreign business associations

Guidelines

Our goal is to pursue the vision of innovative, coordinated, green, open and inclusive development benefiting all stakeholders, and promote mass entrepreneurship and innovation by implementing the strategy of driving growth with innovation. We will adhere to the principle of organizing a practical event with efficiency, and

stage high-end forums, innovation achievement exhibitions, innovation element transactions and entrepreneurship contests. With these activities, we aim to collect resources from across the globe for integration and cooperation, facilitate the flow of innovation elements and transaction of innovation achievements, and showcase from different perspectives the new global trend of innovation and entrepreneurship and the achievements of China. It is also our object to cultivate new drivers of growth, expand the space for growth, and build new industrial systems and growth mechanisms, in an effort to pursue growth powered by innovation.

Schedule

Date	Time	Category	Activity
Jun 23	all day	other	Registration
Jun 24	09:00-12:00	conference	Chengdu Global Innovation and Entrepreneurship Forum
Jun 24	14:00-17:00	conference	Silicon Valley Hi-Tech Innovation and Entrepreneurship Summit

Jun 24	14:00-17:00	conference	Innovation Forum for Mayors of International Sister Cities of Chengdu
Jun 24	14:00-17:00	conference	Global Forum for Entrepreneurial Universities
Jun 24	14:00-17:00	transaction	Technological Achievement Transaction
Jun 24	18:30-20:00	other	Welcome Reception
Jun 24-25	all day	conference	Technology Innovation Forum for Higher Education Institutions from International Sister Cities
Jun 25	09:00-12:00	conference	The Sixth China-ROK Science and Technology Innovation Forum 1
Jun 25	14:00-17:00	conference	The Sixth China-ROK Science and Technology Innovation Forum 2
Jun 25	14:00-17:00	conference	Human Resource Technology and Service Conference
Jun 25	14:00-17:00	conference	EU-China Innovation and Cooperation Round-table Meeting
Jun 25	14:00-17:00	conference	2016 Canada China Innovation and Investment Forum (Chengdu)
Jun 25	all day	transaction	Talent Exchange Fair

Jun 26	09:00-12:00	conference	Innovation Capital and Capital Innovation Forum
Jun 26	all day	contest	China-ROK Youth Innovation and Entrepreneurship Contest and the Unveiling Ceremony of the China-ROK Mass Innovation Zone
Jun 24-26	09:00-17:00	exhibition	2016 Chengdu Global Innovation and Entrepreneurship Exhibition
undecided	undecided	transaction	Equity Transaction
undecided	undecided	transaction	Crowd-funding Transaction
undecided	undecided	conference	Top 10 Future Technologies Forum
June	undecided	contest	China-US Young Makers Competition

Hamilton City Council
Te kaunihera o Kirikiriroa

council report

Committee: Council **Date:** 31 March 2016

Report Name: Recommendations to Council - Strategy and Policy Committee Meeting - 23 February 2016 and 22 March 2016 **Author:** Jude Pani

Status	*Open*

The recommendations of the Strategy and Policy Committee meetings held on 23 February 2016 and 22 March 2016 are presented.

The recommendations from the Committee's meeting held on 23 February in relation to the item *Trade Waste and Wastewater Bylaw for Public Engagement* were presented at the Council Meeting on 25 February 2016.

The 23 February 2016 and 22 March 2016 Committee Agendas are available via the following link:

http://www.hamilton.govt.nz/our-council/meetings-and-minutes/Pages/default.aspx

1. Heritage Plan and Historic Heritage Fund Guidelines

That Council adopts the Heritage Plan and Historic Heritage Fund Guidelines (as identified as Attachments 1 and 2 to the Committee report).

2. Frankton Neighbourhod Plan

That Council adopts the Frankton Neighbourhood Plan (Attachment 1 to this report).

3. Waikato Museum Strategic Plan

That Council adopts the Waikato Museum Strategic Plan (as identified as Attachment 1 to the Committee report).

4. Wairere/Cobham Pedestrian and Cycle Bridge Design

That:

a) the concept design for the Cobham Drive pedestrian and cycle overbridge to be constructed as part of the Hamilton Ring Road project is approved; and

b) Council note that staff are to report back to the next Strategy and Policy Committee Meeting, to be held on 3 May 2016, on costed options for:

i) Additional piers and structures to replace embankment;
ii) Handrail/superstructure detailing work;
iii) Colour, lighting, planting; and
iv) Additional pedestrian/cycle safety features on Wairere Drive.

5. Ruakura Trees

This was presented as a Late Agenda item to the 22 March 2016 Committee Meeting. The Committee resolved to refer this item to the 31 March 2016 Council Meeting.

6. Attachments

7. Attachment 1 - Frankton Neighbourhood Plan
8. Attachment 2 - Table of changes to the Frankton Neighbourhood Plan

Discover Frankton

The Frankton Neighbourhood Plan



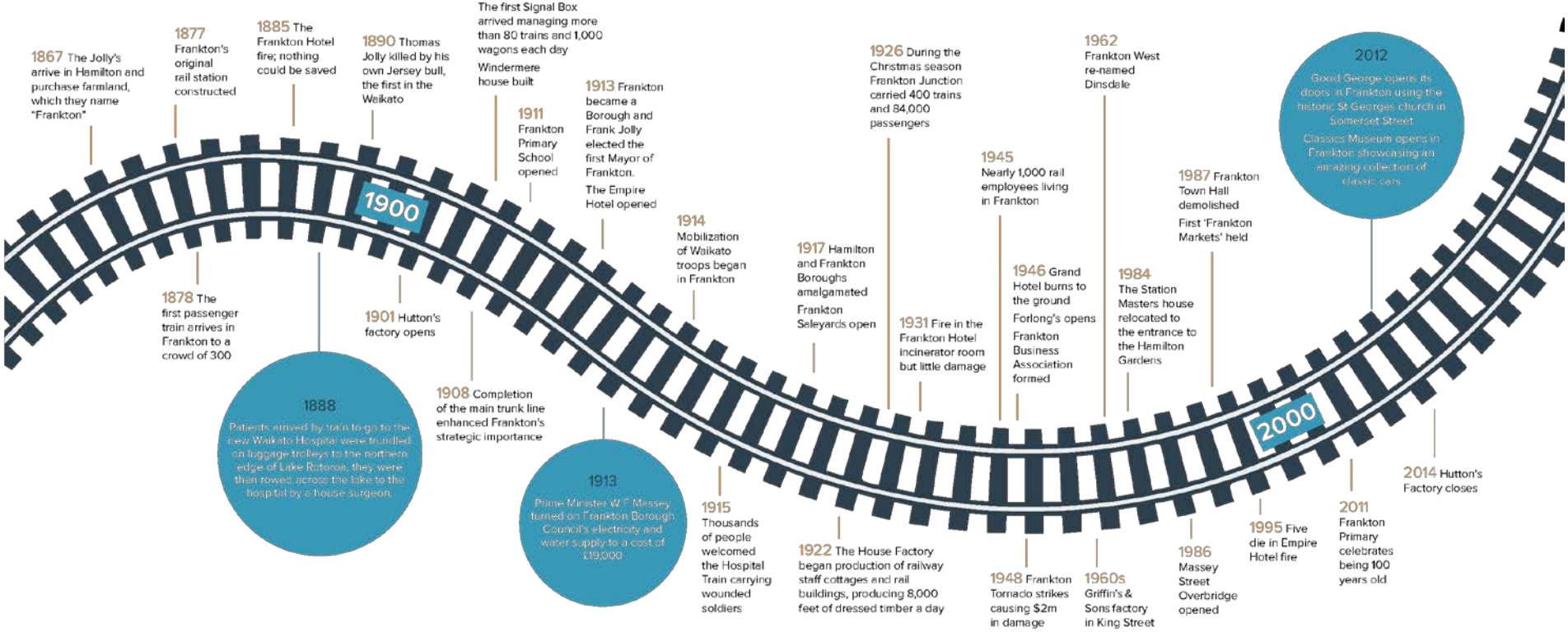

Hamilton City Council
Te kaunihera o Kirikiriroa

Introduction

Frankton has a history centred on rail and a story that is tied to Hamilton's origins. It is a place with a special character and its economic identity is based on a tradition of trade and family businesses. It is a mature inner city suburb, close to the central city and major event facilities. It is surrounded by parks, and the historic West Town Belt, and is connected by some of Hamilton's main transport routes. The residential areas are a mix of older homes and medium density housing.

Over the past thirty years Frankton has lost some of its charm, but this inner city location and mixed economy make it an ideal place to live and work. This plan is about rediscovering Frankton and its role in Hamilton as an urban village, with projects to enable Frankton to develop and grow, while preserving its history and uniqueness.

Story of Frankton

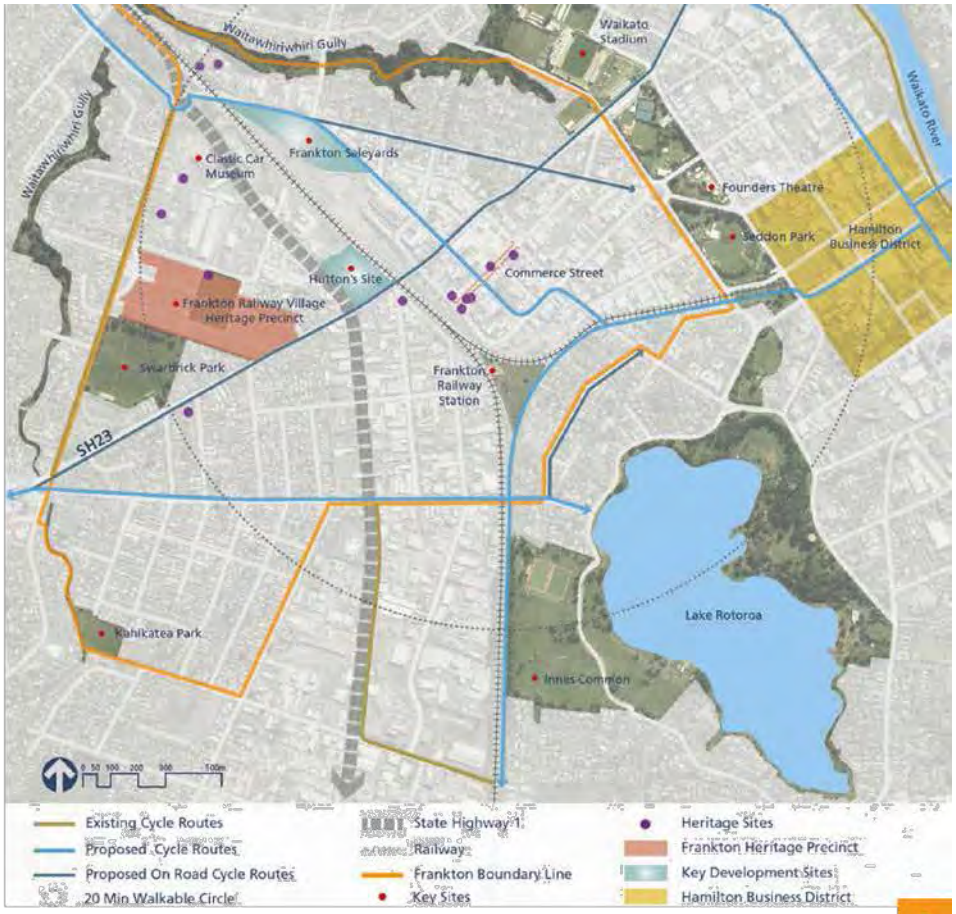


Rediscovering Frankton

Surrounded by an extensive green belt, Frankton is a mature suburb tied to Hamilton's origins with a rich history centred on rail. It functions as an important industrial, commercial, and retail node and is strategically located alongside SH1 and key Hamilton roads.

With a flat topography, Frankton is pedestrian and bike-friendly and easy to get around. Major sports stadiums, theatres, parks and open spaces and the central city are within 20 minutes walking distance of Frankton Village.

Its history and diverse, quirky nature make Frankton a suburb with a difference, unique in our City. Combining commercial and retail opportunities, a central city lifestyle and visitor attractions, Frankton does not need to be reinvented just rediscovered. The Frankton Neighbourhood Plan describes how this can happen.



Facts & Figures

6,252 Residents

4% of Hamilton's total population

66 Different Ethnicities

Frankton / Hamilton

European	3,700	93,000
Maaori	1,800	28,600
Asian	600	18,500
Pasifika	400	6,800

Largest demographic group is **20-29** years and increasingly **65+**

Median age **30.9** years

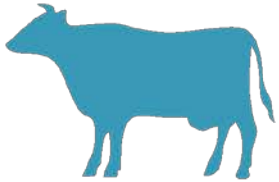
Hamilton median **32.2 years**

The Frankton Neighbourhood Plan

Main industries:

1. Automotive 2. Service Industry
3. Manufacturing 4. Retail
5. Trade and Wholesalers

11,000 Employees



Saleyards:

Hamilton's only stock saleyards opened in 1917 and are still operating today

$700 Million GDP

13% of Hamilton's GDP

$10m retail expenditure

1,500 Businesses

13 Historic Classifications

Railway Cottages

New Zealand's **largest collection** of original railway cottages built in 1920s

Classic museum

Award winning museum of cars and memorabilia from yesteryear

Three distinct housing areas:

1. Residential Intensification
2. Frankton Railway Village Heritage Area
3. General Residential

$331,050 median house price

28% owner occupied

9

Discover Frankton
Plan Outcomes

Retain and grow Frankton's unique economy

Frankton has a unique economic mix of light industrial, trade and retail businesses which have been a part of this area for a long time. They make an important contribution to Hamilton's economy.

There is significant potential to generate economic growth by leveraging Frankton's economic base and reputation as a supportive commercial environment for small to medium trade, family and start-up businesses.

The Frankton shopping area has potential to develop a village look and feel, building on the quirky nature of the retail offering and the character of the area.

More people living in Frankton

Frankton is a mature suburb located close to the central city, offering a range of housing options. It is close to jobs and main transport routes.

Frankton will become an increasingly desirable suburb for families and professionals interested in an urban village atmosphere and convenient, pedestrian-friendly proximity to work, education, cultural and social facilities.

Frankton's location and the availability of large development sites provide exciting opportunities for new types of residential living.

Preserve, enhance and share Frankton's history

Frankton's history, particularly its railway heritage, is a significant cultural asset.

The Frankton story is represented by places, buildings, railway connections and other historical artefacts which provide opportunities to celebrate a part of Hamilton's and New Zealand's history.

Visitors are attracted to Frankton's history and quirky character

Frankton's unique character with a blend of the contemporary and historical, and development of a more attractive village look and feel, provide the potential for visitor experiences.

City projects such as the Western Rail Trail – a recreational bike path to be built in 2016 – will draw more people into the area while other initiatives such as preservation projects for Commerce Street and historic rail cottages provide reasons for visitors to stay and enjoy Frankton's heritage sites, shopping and hospitality.

Strengthen Frankton's connections

Frankton is located close to Seddon Park, FMG Stadium Waikato, Hamilton Lake and the Founders Theatre, providing pedestrian-friendly connections between event spaces and Frankton's urban village activities.

Making these connections more visible and easier to use will raise Frankton's profile as a destination and provide attractive and interesting biking and walking routes to and through Frankton.

Frankton Village – creating Hamilton's first urban village

Anchoring the retail area in Commerce Street around Forlongs, maximising the value of the heritage buildings, and creating a high level of amenity unique to Frankton in the public spaces and streetscape will support delivery of the outcomes in this plan.

The existing Frankton shopping area has a mix of traditional businesses such as the local butcher, florist, cake shop and barber servicing the local residents and businesses.

It has the potential to develop a village look and feel, building on the traditional businesses and the quirky nature of the newer retail offerings starting to emerge. Commerce Street is dominated by Forlongs, a family owned and operated department store, significant landowner and service provider. The Frankton Market has been an attraction for 30 years.

Artist's impression of Frankton Village

Outcomes:

- Frankton Village is a destination
- A unique and quirky shopping experience
- Heritage features are preserved and prominent
- A place that families enjoy gathering

Projects:

Beautification Plan for Commerce Street

Improve the beauty and amenity of Commerce Street from High Street to Kent Street.

- Upgrade footpaths, planting and street furniture on Commerce Street to reflect Frankton's heritage character. Replace Melia street trees with a species that enhances Frankton's village appeal.
- Develop a design palette for Commerce Street historic buildings and promote to building owners.

Commerce Street Character Overlay

- Include a pecial character overlay area for Commerce Street in the District Plan to protect the character, amenity, heritage and unique qualities of Commerce Street.
- Publish a design guide for investors and property owners.

Parking Plan

Complete a parking plan for High Street, Commerce Street and Somerset Street to create more parking ensuring businesses can continue to operate efficiently.

Pocket Park in Kent Street

Develop a small, beautiful park in Kent Street close to the village centre.


Waikato Stadium
Frankton Saleyards
Norton Road
Hall Street
Commerce Street
Seddon P
King Street
Hutton's Site
Frankton Railway Village Heritage Precinct
Frankton Railway Station
Killarney Road
Frankton Village area
Heritage Buildings / Items
Frankton Heritage Precinct
Commerce Street Upgrade
Key Development Sites
Pocket Park
Frankton Gateway art
State Highway 1
Railway


1923
Artist's impression of High Street

Celebrating Heritage – telling Frankton's story

Frankton has a rich history that includes significant sites for Maaori. From early European settlement, Frankton was a major New Zealand rail junction for transporting people and goods. This history has been largely forgotten. This Plan seeks to change that and promote and preserve this rich history.

The railway cottages built to accommodate the railway workers remain the largest intact collection of railway cottages in New Zealand. Frankton was also a major sheep and cattle sale yards, with farmers often walking their sale herds through the streets of Frankton.

Outcomes:

- Frankton's heritage is preserved
- People know about Frankton's history
- People visit Frankton for a heritage experience

Projects:

Frankton Railway Cottage Area Conservation Plan

Frankton's railway cottages are the largest intact collection of railway cottages in New Zealand.

This project is to develop a conservation plan for the railway cottage area which will include:

- A paint colour palette for the cottages' exteriors.
- A financial incentive scheme for cottage owners to encourage adoption of the colour palette.
- A streetscape and road design to complement the historical cottages and enhance the street as a visitor attraction.
- Design guide for renovation and enhancement of cottages.
- A promotional campaign.
- Landscaping plan for the Railway Park.

Heritage Trail

Tell Frankton's story by:

- Developing and sign posting the Frankton Heritage Trail, including the Rail Station, Saleyards, High Street and Weka Street.
- Installing heritage history boards at key sites.
- Implementing a marketing campaign to promote the Heritage Trail.
- Encouraging public art installations on the Heritage Trail.

Frankton Heritage Museum

Community led project to develop a Museum in the Frankton Village that tells the history of Frankton.

In the short term, there will be pop up heritage exhibitions that share and celebrate Frankton's stories, heritage and historical artefacts.

Maaori Sites Plan

- Map the significant Maaori sites within the Frankton area and develop a programme of restoration.
- Install story boards and create a tour guidebook.

Gully Restoration

Develop a gully restoration plan to restore the Waitawhiriwhiri Gully.

Frankton Hall

Review the role and function of Frankton Hall.

Artist's impression of Weka Street

Connecting Frankton – making it easy to discover Frankton

Frankton is within close proximity to the sports stadiums and Founders Theatre. Improving and promoting easy entry and exit gateways and connection to major facilities will enhance Frankton's appeal as an inner city suburb.

Frankton is centrally connected to all the major transport routes, including SH1. There are high traffic volumes that transect Frankton which impact on the quality of pedestrian and biking connections.

Outcomes:

- Frankton is easily accessible for pedestrians and people on bikes
- Connections to major facilities are visible and well used
- Frankton should be accessible, safe and inclusive to encourage and allow more people into the area

Projects:

Upgrade the Massey-Hall Overbridge

Enhance the visual appearance of the overbridge and improve safety for pedestrians including installing railing screens and art features. Direct access from the overbridge to High Street will also be explored.

Upgrade the playground in Swarbrick Park

Incorporate a historic theme in upgrading the existing playground to provide a more exciting play experience.

Define the Connection to the major facilities

Identify, sign post and enhance the pedestrian routes to connect Frankton to Seddon Park, FMG Stadium Waikato and Founders Theatre.

Complete the Western Rail Trail

The Western Rail Trail is a project in the Hamilton Biking Plan providing a connection from the south west suburbs to the central city and destinations such as Hamilton Lake, Frankton Rail Station, Seddon Park and FMG Stadium Waikato. This off road biking trail runs alongside the railway track through Frankton.

Frankton Heritage Bike Loop

Develop a bike friendly circuit from the Western Rail Trail into Frankton Village that is attractive and includes history storyboards.

Frankton Gateway

Community-led project to install a major artwork to promote the entry to Frankton at the Founders Roundabout.

Install Way-Finding Signs

Install signs to promote geteway entry to Frankton and to the Frankton Village.

Connect the Frankton Rail Station to Frankton Village

Frankton Rail Station is an iconic feature of the area's strong railway heritage and an important link for future potential commuter rail to and from Auckland. This is a long term project to explore options to reactivate the Railway Station through a structural connection to Frankton Village.

Support a skate park in or near the Green Frame

The Central City Transformation Plan includes the development of a new skate park in or near the Green Frame, which borders Frankton to the east.

The Frankton Neighbourhood Plan

Investment – growing Frankton's attraction as a place to live and do business

The mixed trade and manufacturing economy has been an important part of Frankton for decades with mostly small to medium sized owner-operated businesses. This economic make up is unique in Hamilton.

Despite competition from Te Rapa and other commercial/industrial areas in the city, Frankton has continued to provide a range of services and products that people want to use as well as a wide range of jobs. To accommodate and support ongoing investment, this Plan aims to protect and grow this mixed economy.

Frankton's location and range of housing options, including medium density, makes it an attractive place to live. Supporting and promoting these options to enable the population to grow and support the economic activity in the area.

Outcomes:

- Retain and grow Frankton's unique economy
- Increase in the GDP contribution Frankton makes to Hamilton
- Increase the number of people living in Frankton

Projects:

Key Development Sites

There are three privately owned sites in Frankton that offer large scale opportunity for residential or commercial rejuvenation. The Council encourages development on these sites to support the outcomes in this Plan. Those sites are:

- The land adjoining the railway corridor on High Street commercial zone (0.8 ha of land in one title)
- Industrial site on the corner of Lincoln and Massey-Hall Overbridge (ex-Hutton's factory) (industrial zone, 7 lots, 3 titles, 3.4he)
- Stockyards on Norton Road (industrial zone, 16 lots, 3 titles, 2.35ha)

Resolve the District Plan Business Zone Appeals

This will be completed in early 2016.

Create an Events Programme

In partnership with the business community and community funders, identify a major attraction annual event. One example is an ethnic food festival.

Establish a Business Improvement District (BID)

Explore the viability of establishing a Business Improvement District (BID) for Frankton with the business community.

Market the Business and Residential Opportunities

Work with real estate agents to promote Frankton as a place for business and living.

Reduce Red Tape

Deliver the Better Business Services Plan.

Implementation & Timeframes

This page identifies the estimated timeframes for projects and actions.
Recreating Frankton as an exciting urban village will take time.

To start immediately

Maaori Sites Plan

Map significant Maaori sites within the Frankton area, develop a restoration programme, install story boards and create a tour guidebook.

Beautification Plan for Commerce Street

Upgrade footpaths, planting and street furniture to reflect Frankton's heritage character; replacing the street trees with a species that enhances Frankton's village appeal; develop and promote a design palette for historic buildings.

Resolve District Plan Business Zone Appeals

Reduce Red Tape

Deliver the Better Business Services Plan.

Market the Business, Retail and Residential Opportunities

Work with real estate agents to promote Frankton as a place for business and living.

Complete Western Rail Trail

Provide an off-road biking connection from south west suburbs to the central city, Hamilton Lake and Stadiums. It will run alongside the railway track through Frankton, eventually providing a connection into the Frankton Village..

Short-term (1-3 years)

Frankton Railway Cottage Area Conservation Plan

Develop a conservation plan for the railway cottage area to preserve the historical cottages and enhance the street as a visitor attraction. Develop a planning guide booklet for the renovation and enhancement of cottages, and a promotional campaign for the area.

Establish a Business Improvement District (BID)

Explore the viability of establishing a Business Improvement District (BID) for Frankton with the business community.

Heritage Trail

Tell Frankton's story by developing and sign posting the Frankton Heritage Trail, installing heritage history boards at key sites, implementing a marketing campaign to promote the Heritage Trail and encouraging public art installations on the Heritage Trail.

Frankton Heritage Bike Loop

Developing a bike friendly circuit from the Western Rail Trail into Frankton Village which includes history storyboards and route enhancement features.

Define the Connection to the major facilities

Identify, sign post and enhance the pedestrian routes to connect Frankton to Seddon Park, FMG Stadium Waikato and Founders Theatre.

Install Way-Finding Signs

Install signs to promote gateway entry to Frankton and to the Frankton Village.

Parking Plan

Create additional angle parking provision on High Street, Somerset Street and Commerce Street.

Create an Events Programme

In partnership with the business community and community funders, identify a major attraction annual event. One example is an ethnic food festival.

Frankton Gateway

Community-led project to install a major artwork to promote the entry to Frankton at the Founders Roundabout.

Gully Restoration Project

Develop a gully restoration plan to restore the Waitawhiriwhiri Gully.

Frankton Hall

Review the roll and function of Frankton Hall.

Long-term

Commerce Street Character Overlay

Include a Special Character overlay area for Commerce Street in the District Plan to protect the character, amenity, heritage and unique qualities of Commerce Street. Publish a design guide for investors and property owners.

Hall Street Overbridge

Improvements to the visual appearance of the over-bridge, direct access to High Street and pedestrian safety features. Install railing screens that reference Frankton's identity and incorporate art, and enable the activity in High Street/Commerce Street to be visible from the bridge.

Pocket Park in Kent Street

Develop a small, beautiful park in Kent Street close to the village centre.

Upgrade the playground in Swarbrick Park

Upgrade the existing playground with a historic theme to provide a more exciting play experience in keeping with the playgrounds of the Future Plan.

Frankton Heritage Museum

Community led project to develop a Museum in the Frankton Village that tells the history of Frankton. In the short term, there will be pop up heritage exhibitions that share and celebrate Frankton's stories, heritage and historical artefacts.

Connect the Frankton Rail Station to Frankton Village

Explore options to reactivate the Frankton Railway Station - an iconic feature of the area's strong railway heritage and an important link for future potential commuter rail to and from Auckland - through a structural connection to Frankton Village.

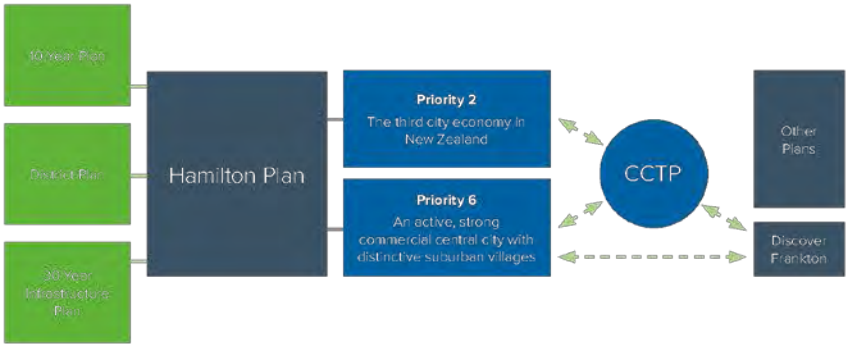
Support a skate park in or near the Green Frame

The Central City Transformation Plan includes the development of a new skate park in or near the Green Frame, which borders Frankton to the east.

Key Development Sites

Encourage development to support residential and commercial rejuvenation on the three key privately-owned sites in Frankton.

Strategic Framework



KPIs & Measures

1. Frankton's GDP growth aligns with the City's annual GDP growth.
2. Residential growth of 10% in Frankton by 2023.
3. 10% increase in the number of commercial business in Frankton by 2023.
4. Profile Frankton's unique selling point regarding its retail offer to attract the target market.

References

Reference 1
Population data from 2013 New Zealand Census.

	Hamilton City		Frankton area	
	Number	Total (%)	Number	Total (%)
European	93315	65.90%	3714	59.40%
Maaori	28605	20.20%	1839	29.41%
Pasifika	6798	4.80%	429	6.86%
Asian	18477	13.00%	624	9.98%
MELAA	2628	1.90%	81	1.30%
Other	2163	1.50%	93	1.49%
Not Elsewhere Included	7401	5.20%	465	7.44%
Total	141612		6252	

Source: Property Economics Report 2011: Retail expenditure is estimated to be $10 million in 2016 and expected to grow to $14m by 2031.
Source: 2014/15 City Planning Land Use Survey.
Source: QV August 2015: Average house price $ 296,350.
Source: 2013 Census: 28% owner occupied, compared to 43% in Hamilton.
Source: QV August 2015: Annual increase of 4% capital value increase for housing.
Source: HCC Proposed District Plan Heritage Schedule 2015

Acknowledgments

Page 4/5 - B. Lafferty, From Farm to Inner City, PJ Gibbons, Astride the River
Page 8/9 - Existing sources table shown on page 26
Page 10 - HCC Libraries Image
Page 12-17 - Artist's Impression: Design Engine Architects Ltd
Page 19 - Artist's Impression: BECA
Document photography: Mike Walden
All photos not separately acknowledged are property of Hamilton City Council.

Hamilton City Council
Te kaunihera o Kirikiriroa

The Frankton Neighbourhood Plan

New Page No.	Topic	Current Wording	Change
Cover			Remove DRAFT from Plan cover page
6			Insert image showing Frankton Boroughs original boundary.
15			Insert picture of an elderly person in plan.
All	Numbering		Fix numbering so only one per page
8, 16, 17, 26	Correct spelling of Maaori	Maori	Maaori
2	Introduction	"The residential areas are a mix of older homes and medium density, and the oldest street in Hamilton is situated in Frankton"	"The residential areas are a mix of older homes and medium density housing. ~~and the oldest street in Hamilton is situated in Frankton"~~
4	Story of Frankton	"1888… Lake Rotorua…"	"1888… Lake ~~Rotorua~~ Rotoroa…"
5		1987 'Frankton Markets"	1987 'Frankton Markets' (consistent use of speech marks)
7	Rediscovering Frankton Map		Include SH23 on Map
			Show the original Frankton Borough Boundary in the Plan
			Update route of the western rail trail
New Page No.	**Topic**	**Current Wording**	**Change**
8+9	Facts and Figures	Average age 30.9 years Hamilton average 32.2 years	~~Average~~ Median age 30.9 years Hamilton ~~average~~ median 32.2 years
		$296,350 average house price	$~~296,350~~331,050 ~~average~~ median house price
13	Frankton Village	Additional angle parking on	Complete a parking plan for High

	(Parking Plan)	High Street, Somerset Street and Commerce Street	Street, Commerce Street and Somerset Street to create more parking ensuring businesses can continue to operate efficiently.
13	Frankton Village (Commerce Street Character Overlay)	"Include a Special Heritage Zone character overlay area for Commerce Street in the District Plan"…	"Include a Special ~~Heritage Zone~~ character overlay area for Commerce Street in the District Plan"…
		Publish a planning guide booklet for investors and property owners.	Publish a ~~planning~~ design guide ~~booklet~~ for investors and property owners
16+17	Celebrating Heritage	"Planning guide booklet for renovation and enhancement of cottages".	~~"Planning~~ Design guide ~~booklet~~ for renovation and enhancement of cottages".
		Review the location and use of Frankton Hall	Review the role and function of Frankton Hall
		…quality of pedestrian and cycling connections	…quality of pedestrian and ~~cycling~~ biking connections
New Page No.	**Topic**	**Current Wording**	**Change**
		Develop a bike friendly circuit from the Western Rail Trail into Frankton Village and include history storyboards and route enhancement features.	Develop a bike friendly circuit from the western Rail Trail into Frankton Village that is attractive and includes history storyboards ~~Route enhancement features~~
20+21	Investment	"The railway land…"	"The ~~railway~~ land adjoining the railway corridor
22+23	Implementations		Update to reflect earlier changes

	and timeframes		suggested in table
		"include a Special heritage zone character overlay area"	"include a Special ~~Heritage Zone~~ Character overlay area"
		Publish a planning guide booklet for investors and property owners.	Publish a ~~planning~~ design guide ~~booklet~~ for investors and property owners
		Review the location and use of Frankton Hall	Review the condition and use of Frankton Hall
		Market the business and residential opportunities.	Market the business, retail and residential opportunities.
New Page No.	**Topic**	**Current Wording**	**Change**
		It will run alongside the railway track through Frankton.	It will run alongside the railway track through Frankton, eventually providing a connection into the Frankton Village.
		Upgrade the existing playground with a historic theme to provide a more exciting play experience.	Upgrade the existing playground with a historic theme to provide a more exciting play experience in keeping with the Playgrounds of the Future Plan.
25	KPI's & Measures	1. **GDP** – 2% increase in GDP per annum. 2. **Residential** – 10% increase in people living in Frankton by 2023. 3. **Business** – 10% increase in the number of businesses in Frankton by 2023. 4. **Profile** – increasing	1. Frankton's GDP growth aligns with the City's annual GDP growth. 2. Residential Growth of 10% in Frankton by 2023. 3. 10% increase in the number of commercial businesses in Frankton by 2023. 4. Profile Frankton's unique

		numbers of visitors and residents know about Frankton and what it offers.	selling point regarding its retail offer to attract the target market.

- Additional change updates since 23 February Strategy and Policy Committee shown in Yellow

Resolution to Exclude the Public

Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

That the public be excluded from the following parts of the proceedings of this meeting, namely consideration of the public excluded agenda.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Council Minutes - Public Excluded - 25 February 2016 C2. Appointment of Hearing Panel for Ruakura Variation C3. Freedom Holder of the City Nomination C4. Request for additional Deputy Commissioner - District Licensing Committee C5. Recommendations to Council - Finance Committee Meeting - 18 February 2016 C6. Proposed District Plan Appeals Update	) Good reason to withhold) information exists under) Section 7 Local Government) Official Information and) Meetings Act 1987)	Section 48(1)(a)

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

Item C1.	to protect the privacy of natural persons	Section 7 (2) (a)
Item C2.	to protect the privacy of natural persons	Section 7 (2) (a)
Item C3.	to protect the privacy of natural persons	Section 7 (2) (a)
Item C4.	to protect the privacy of natural persons	Section 7 (2) (a)
Item C5.	to enable Council to carry out commercial activities without disadvantage to enable Council to carry out negotiations	Section 7 (2) (h) Section 7 (2) (i)
Item C6.	to maintain legal professional privilege	Section 7 (2) (g)