Regional facilities funding proposal - regional theatre

TO	Council
FROM	Angela Jane - Governance and Strategy Group Manager
DATE	10 February 2018
SUBJECT	**Regional facilities funding proposal - regional theatre**

1 Purpose of report

The purpose of the report is for Council to consider a request from the Waikato Regional Council (Attachment A) to provide a formal response on the funding option presented to the Waikato Regional Council for regional funding of a new regional theatre in Hamilton.

2 Background

Momentum Waikato Community Foundation (Momentum Waikato) has submitted the 'Waikato Regional Theatre' proposal (the proposal), requesting $5 million from Waikato Regional Council (WRC) towards the $72.9 million capital cost of the project on the assumption Hamilton City Council contributes $25 million. The remaining capital is proposed to be funded from central government ($13 million) and from the community ($30 million - Trust Waikato is named as having committed $15 million). The land (valued at $6 million) is not included in the capital cost as it is intended to be gifted by a private landowner.

A contribution of $300,000 towards operating costs (starting year 3 of the Long Term Plan) is requested from the regional council with Hamilton City Council indicating a contribution of $1.1 million annually. The remainder of the operating costs would come from sponsorship, hireage and commissions.

Momentum Waikato submitted a proposal that has met the criteria of the Community Facilities Funding Framework (the framework). The proposal included a feasibility study undertaken by Deloitte.

Waikato Regional Council discussed a proposal from Momentum Waikato Community Foundation (Momentum Waikato) for a regional theatre under the framework and made the following resolution at its 2018-2028 Long Term Plan budget meeting on 1 February 2018:

1. *THAT the report Assessment – Waikato Regional Theatre Proposal (Doc # 11618145 dated 18 January2018) be received, and*
2. *THAT the proposed Waikato Regional Theatre request from Momentum Waikato be approved for consultation through the 2018-28 Long Term Process, noting that any Council contribution would be subject to full project funding being in place and key due diligence matters in Stage 2 of the project being resolved to the satisfaction of Council.*
3. *THAT Council confirm the preferred funding option for the proposed Waikato Regional Theatre as funding model 1 as set out in paragraph's 73-75 and*
4. *THAT Council request the Chief Executive to write to each territorial authority and seek their feedback on the preferred funding option for consideration at the 22 February 2018 Council meeting to enable a decision as to whether to include in the draft 2018-28 Long Term Plan for consultation as currently proposed.*

Waikato Regional Council staff have assessed the proposal against the framework and PWC has peer reviewed the staff assessment.

All of these reports can be read in the Waikato Regional Council agenda for 30 January 2018 at the following link (go to Book 2 of the agenda items):
https://www.waikatoregion.govt.nz/community/whats-happening/council-meetings/agendas-and-minutes-for-council-and-standing-committees-from-28-november-2013/council/

Pages numbers of particular interest include:

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Founders ticket sales breakdown	314
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Funding model*	322-323
Proposal from Momentum Waikato	330
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The framework	394

* Repeated in the discussion section

This is the first funding request assessed under the Community Facilities Funding Framework. The Waikato Mayoral Forum unanimously endorsed the Community Facilities Funding Framework (the framework) on 11 September 2017 and invited all councils to adopt the framework to guide decisions about the funding of sub-regional and regional community facilities.

Waikato Regional Council adopted the framework in September 2017 for consultation through the 2018-2028 Long Term Plan. The letter from the regional council notes that it is understood that Waikato District Council and South Waikato District Council have also adopted, while Hamilton City Council and Waipa District Council are in the process of adopting shortly. It is also understood that Hauraki District Council has 'noted the framework' and that Otorohanga District Council has stated that they are supportive due to the non-prescriptive nature.

Thames-Coromandel District Council has not adopted the framework but has noted informally that the framework is a guiding document.

3 Issue

Waikato Regional Council has requested a formal response from Thames-Coromandel District Council on the funding option presented to the Waikato Regional Council for regional funding of a new regional theatre in Hamilton.

4 Discussion

The application of the framework has resulted in a funding proposal for a capital contribution of $5 million and an annual operating cost contribution of $300,000 from the regional council to be funded in the following manner:

Capital expenditure $5 million (excludes Hamilton City)

Council	Rating per rating unit /p.a.	Total rates /p.a.	% contribution
Thames-Coromandel	$0.50	$ 13,615	3.4%
Hauraki DC	$0.50	$ 5,210	1.3%
Waikato DC	$5.54	$167,026	41.3%
Matamata-Piako DC	$5.54	$ 79,584	19.7%
Waipa DC	$5.54	$117,509	29.0%

Council	Rating per rating unit /p.a.	Total rates /p.a.	% contribution
Otorohanga DC	$0.50	$ 2,371	0.6%
South Waikato DC	$0.50	$ 4,836	1.2%
Waitomo DC	$0.50	$ 2,684	0.7%
Taupo DC	$0.50	$ 11,094	2.7%
Rotorua (part)*	$0.50	$ 648	0.2%
TOTAL		**$404,576**	**100%**

Operating expenditure $300,000 (plus GST) from year 3 Long Term Plan (excludes Hamilton City)

Council	Rating per rating unit /p.a.	Total rates /p.a.	% contribution
Thames-Coromandel	$0.43	$ 11,610	3.4%
Hauraki DC	$0.43	$ 4,443	1.3%
Waikato DC	$4.72	$142,413	41.3%
Matamata-Piako DC	$4.72	$ 67,872	19.7%
Waipa DC	$4.72	$100,215	29.0%
Otorohanga DC	$0.43	$ 2,021	0.6%
South Waikato DC	$0.43	$ 4,124	1.2%
Waitomo DC	$0.43	$ 2,289	0.7%
Taupo DC	$0.43	$ 9,461	2.7%
Rotorua (part)*	$0.43	$ 552	0.2%
TOTAL		**$345,000**	**100%**

Total cost (excludes Hamilton City) from year 3 Long Term Plan (GST inclusive)

Council	Rating per rating unit /p.a.	Total rates /p.a.	% contribution
Thames-Coromandel	$0.93	$ 25,225	3.4%
Hauraki DC	$0.93	$ 9,653	1.3%
Waikato DC	$10.26	$309,418	41.3%
Matamata-Piako DC	$10.26	$ 147,465	19.7%
Waipa DC	$10.26	$217,735	29.0%
Otorohanga DC	$0.93	$ 4,392	0.6%
South Waikato DC	$0.93	$ 8,959	1.2%
Waitomo DC	$0.93	$ 4,973	0.7%
Taupo DC	$0.93	$ 20,555	2.7%
Rotorua (part)*	$0.93	$1, 200	0.2%
TOTAL		**$749,576**	**100%**

The total cost for each rateable property in the Thames-Coromandel district is less than $1 annually for at least the next 20 years (modelled timeframe for the capital contribution).

Our district ratepayers' contribution equates to 3.4% of the total contribution. This reflects the application of the framework by determining that the areas closer to Hamilton will benefit more. The only evidence available for an indication of the level of benefit is the ticket sales records for the Founders Theatre from 2010-2016. It has been noted that determining the level of benefit is not addressed in the framework.

The PWC assessment notes that the theatre will provide cultural and social benefit for users but will not necessarily provide economic benefits to the region (or city).

A theatre of this scale is not an asset that this district could contemplate due to affordability. Our residents currently have the opportunity to utilise theatres of this scale in Auckland which is a similar distance to travel for most. The Hamilton theatre would make more

cultural and social opportunities available to the current Auckland offerings. A choice of destination would also be considered as beneficial as many residents have other interests in Hamilton (eg specialist appointments, professional services, boarding schools).

The benefits of the proposed facility would appear to be of benefit to our residents in light of the small rating contribution being requested.

5 Suggested resolution(s)

That the Council:

1. Receives the 'Regional facilities funding proposal - regional theatre' report, dated 10 February 2018.
2. Provides the Waikato Regional Council with a formal response on the proposed funding of the new regional theatre.

References-Tabled/Agenda Attachments

Attachment A *Waikato Regional Council's letter of request*

Attachment A

<<Insert DW Link or place Attachment here>>