

REGIONAL THEATRE

WHARE TAPERE Ā-ROHE

Should we collect a rate for a new regional theatre in Hamilton?

After Founders Theatre closed in 2016, the community foundation Momentum Waikato led a community driven project to build a new theatre and creative precinct for the Waikato region. The theatre is proposed for a site on Victoria Street on the banks of the Waikato River, and will be a home for the community's vibrant artistic and creative communities.

We have assessed this proposal against the proposed Community Facilities Framework (see page 23 for more information on this framework) and believe it meets the criteria for being an asset that provides regional benefit. Our assessment has been confirmed by PricewaterhouseCoopers, who undertook an independent peer review.

The total cost of the project is estimated at \$73 million, with local government to contribute \$30 million. Of local government's contribution, it's intended that \$25 million will come from Hamilton City Council ratepayers.

Momentum Waikato has asked Waikato Regional Council ratepayers (excluding Hamilton City) to contribute \$5 million towards building the theatre. Rating would start in 2019/20. They have also asked us to contribute a further \$300,000 every year (starting 2020/21, the proposed opening year of the theatre) towards an asset maintenance reserve fund. This contribution would be reviewed every three years as part of council's long term planning process to ensure the conditions and performance measures for the fund are being satisfactorily met.

The asset maintenance reserve fund would only be used for major upgrades that ensure the preservation of the facility and would not be used towards the everyday running of the theatre. It's proposed that Hamilton City Council contributes \$1.1 million per year towards the asset maintenance fund.

On the next page we've provided an option for funding the building of the theatre (the capital component) as well as contributing towards the asset maintenance reserve fund, or funding the capital component only. We believe that it would be prudent to contribute to maintaining this facility to avoid its deterioration and keep equipment up to modern standards.

If we were to fund this facility we would borrow the money to meet our contribution to the construction of the theatre. We would then collect repayments (including principal and interest) from ratepayers over 20 years. This spreads the cost of the initial investment so that future ratepayers, who will use the facility, also contribute.

If you decide that you want us to contribute to the facility there are two options for how we could split the contribution amongst regional ratepayers.

1. Use a differential rate based on an assessment of those that would receive benefit from the facility and where they are located, and also those people who live in close proximity to the proposed facility.
2. Split the \$5 million contribution from the region evenly across all regional ratepayers outside Hamilton City. In other words, ratepayers who are close to the facility and those who are further away would pay the same.

Our assessment has identified primary and secondary beneficiaries of the proposed theatre. Those who we believe to be primary beneficiaries outside of Hamilton include Waikato, Waipā and Matamata-Piako ratepayers. Secondary beneficiaries include all other regional ratepayers – Thames-Coromandel, Hauraki, Ōtorohanga, Waitomo, South Waikato, Taupō and the portion of Rotorua in our region.

Based on this, our preferred option is that of our \$5 million contribution, \$4.5 million would come from the three primary beneficiaries outside Hamilton – Waikato, Waipā and Matamata Piako ratepayers – with \$0.5 million coming from the remainder of our ratepayers.

Once the theatre is complete, ownership and maintenance will be the responsibility of the yet to be established Waikato Regional Property Trust. The operations will be run by the Waikato Regional Theatre Operating Company, which will seek ongoing funding and sponsorship.

The final concept design for the theatre still needs to be completed by Momentum Waikato. There are a number of outstanding issues on which we, and Hamilton City Council, need to be satisfied with before providing funding. These include confirming:

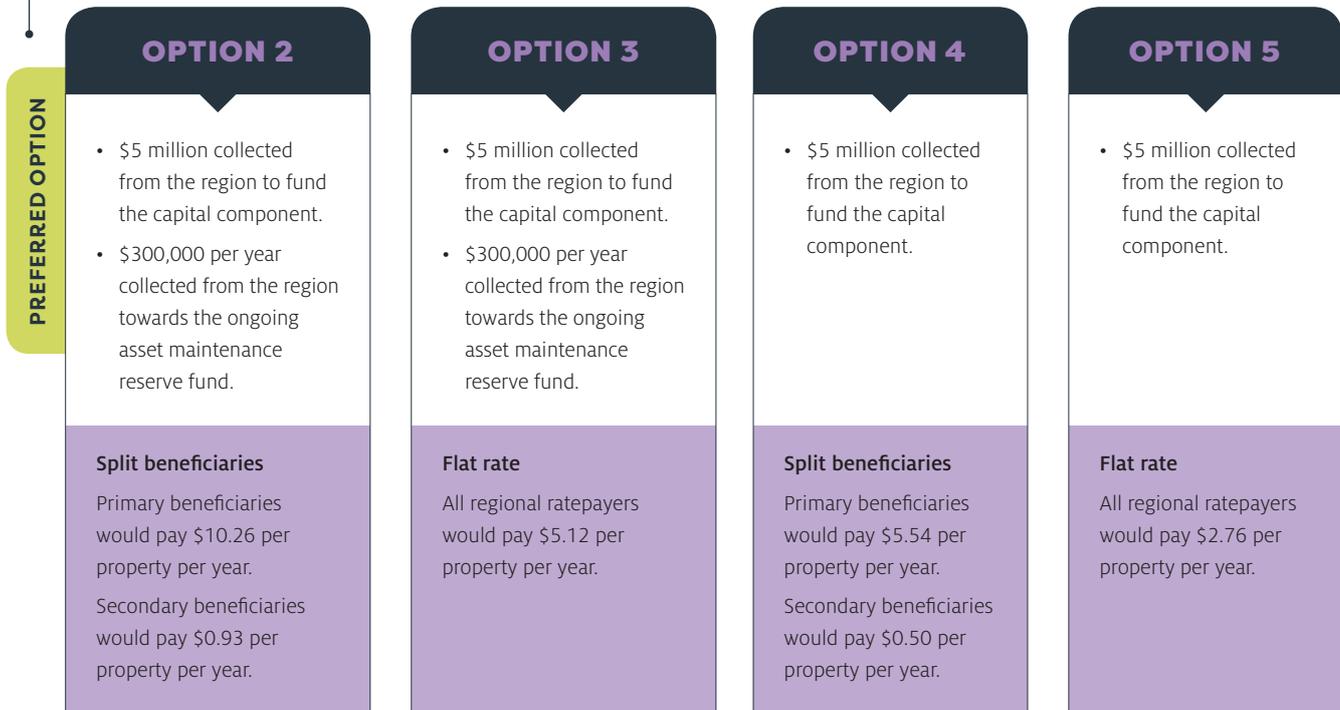
- the site is structurally sound
- there is adequate parking for people attending performances
- there is good access for production related vehicles
- Momentum Waikato has committed funding in place to complete the project.

We want to know if you support funding the theatre, assuming all our outstanding issues are resolved.

OPTION 1

Status quo – don't provide any funding for a regional theatre

These options would result in an increased level of service being provided. The capital component would be funded by council borrowing.



Note: All of these options exclude Hamilton City ratepayers as they will pay for this facility through their Hamilton City Council rates.

We asked other councils in the region what they thought about the proposal for us to collect a rate from their ratepayers to fund the theatre. Here's a summary of what they had to say.

Hamilton City Council: Supportive of our preferred option.

Hauraki District Council: Supportive of our preferred option.

Matamata-Piako District Council: Supportive of funding the capital component (option 5). However:

- would like to see the cost spread evenly across the region
- does not support putting funding towards the asset maintenance reserve fund.

Otorohanga District Council: Supportive of our preferred option.

South Waikato District Council: Not supportive of a regional theatre paid for by all ratepayers in the region (option 1).

Thames-Coromandel District Council: Supportive of our preferred option, with the exception that the asset maintenance reserve funding of \$300,000 per year is only collected for three years.

Waikato District Council: Supportive of our preferred option, however, would like to see the old Franklin district portion of Waikato district rated as a secondary beneficiary rather than a primary beneficiary.

Note: Our council considered this option and decided to go with existing local council boundaries because splitting them would add complexity.

Waipa District Council: Supportive of funding the capital component and would like to see thorough consultation with ratepayers in regard to the ongoing asset maintenance reserve fund.

Taupo District Council: No formal feedback provided.

Rotorua District Council: No formal feedback provided.

Waitomo District Council: No formal feedback provided.