

**MINUTE EXTRACT FROM THE NON-PUBLIC MINUTES OF THE COUNCIL MEETING HELD ON TUESDAY
14 DECEMBER 2020**

C1 DUNEDIN PERFORMING ARTS FEASIBILITY STUDY - REVISED OPTIONS APPRAISAL

A report from Ara Toi presented the findings of the study on the future provision of performing arts in Dunedin commissioned by the Dunedin City Council and Creative New Zealand following the closure of the Fortune Theatre.

The Chief Executive Officer (Sandy Graham) and General Manager Community Services (Simon Pickford) spoke to the report and responded to questions relating to the various issues raised in the report including the various options for development of existing theatres.

Cr Doug Hall left the meeting at 10.08 am

Moved (Cr David Benson-Pope/Cr Steve Walker):

That the Council:

- a) **Directs** staff to continue work on development of two options; the Athenaeum (as the preferred) and the Mayfair as a potential alternative.
- b) **Includes** \$17m in the draft capital budgets for the purposes of development of the draft 10 year plan.
- c) **Notes** that the operating costs of \$4.5m will be included in the draft operating budgets for the purposes of developing the draft 10 year plan.
- d) **Notes** that decisions made on the operating and capital budget timing will be presented to the January 2021 meeting for consideration as part of the draft 10 year plan.
- e) **Directs** staff to negotiate agreements with Mr Forbes and the Mayfair Trust to enable consultation on the two options as part of the 10 year plan process.

Cr Lee Vandervis left the meeting at 11:00 a.m.

Division

The Council voted by division:

For: Crs Sophie Barker, David Benson-Pope, Rachel Elder, Christine Garey, Doug Hall, Carmen Houlahan, Marie Laufiso, Jim O'Malley, Jules Radich, Chris Staynes, Steve Walker, Andrew Whiley and Aaron Hawkins (13).
Against: Cr Mike Lord (1).
Abstained: Nil

The division was declared CARRIED by 13 votes to 1

Motion carried (CNL/2020/001)

REPORTS

DUNEDIN PERFORMING ARTS FEASIBILITY STUDY - REVISED OPTIONS APPRAISAL

Department: Ara Toi

REASONS FOR CONFIDENTIALITY

- Grounds: S48(1)(a) - The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.
- Reason: S7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.
- S7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.

EXECUTIVE SUMMARY

- 1 Following the closure of the Fortune Theatre, the Dunedin City Council (DCC) and Creative New Zealand (CNZ) jointly commissioned a study on the future provision of performing arts in Dunedin.
- 2 Sector engagement and initial analysis identified facilities needed to fill gaps in the provision of performing arts in the city.
- 3 Options to deliver all these facilities in a single site were developed but the scale of the proposal and its indicative costings were not viable.
- 4 This report presents options for delivering the core facilities – a flexible mid-sized auditorium (350–450 seats), with front and back of house spaces and a food and beverage facility – on one site, recognising that other facilities could be developed elsewhere as spaces and resources become available.
- 5 Four site options are presented – Sammy's, the Athenaeum, 231 Stuart Street and the Mayfair Theatre – and Council is asked to decide which, if any, of these options should be progressed further.

RECOMMENDATIONS

That the Council:

- a) **Considers** the options for developing a performing arts facility in Dunedin and selects one or more to be progressed further.
- b) **Notes** that decisions made on the capital budget option reports and the timing of those projects will be considered alongside the total capital budget and presented to the January 2021 meeting for approval.

BACKGROUND

- 6 Following the closure of the Fortune Theatre in May 2018, the DCC and CNZ jointly commissioned a study into future provision for performing arts in the city. This is being delivered in three phases by theatre consultants Charcoalblue. The phases are vision and brief development, options appraisal and more detailed design.
- 7 A steering group comprising Stage South, Creative New Zealand and the DCC is guiding the project. An advisory group of sector representatives is also in place.
- 8 Based on consultation with sector representatives, the Phase One Report identified a set of facilities needed to fill gaps in the provision of performing arts in Dunedin, which are:
 - a flexible auditorium with 350–450 seats
 - retail, food and beverage facilities
 - front and back of house spaces
 - two smaller studio spaces
 - an artists' hub providing low cost spaces to work.
- 9 Council noted this report and endorsed the commencement of Phase Two, the options appraisal.
- 10 The Phase Two report was presented to Council in February 2020. It presented options for delivering all the facilities identified in the Phase One Report on one site.
- 11 Accommodating all these spaces requires a sizeable footprint which limited the available sites that could be considered in the options analysis. The scale of the vision also resulted in a significant indicative capital cost.
- 12 At the meeting in February 2020, Council resolved the following:

“Moved (Cr Aaron Hawkins/Cr Jim O’Malley):

That the Committee:

 - i) **Defer** a decision on progressing a recommended option

ii) **Request** a report considering two or more viable sites for development in time for consideration as part of the Long Term Plan; including

iii) **Request** an assessment of the carbon implications of each

Division

That the Council

Votes by division.

For: Mayor Aaron Hawkins, Crs David Benson-Pope, Rachel Elder, Christine Garey, Marie Laufiso, Jim O'Malley, Chris Staynes, Carmen Houlahan, Sophie Barker and Steve Walker (10)

Against: Crs Doug Hall, Mike Lord, Lee Vandervis and Jules Radich (4)

Abstained: Nil

The division was declared CARRIED by 10 votes to 4

Motion carried (COM/2020/011)"

13 This report presents the revised options requested in that motion.

DISCUSSION

Network concept

- 14 The Phase One Report prepared by Charcoalblue indicated that performing arts facilities could also be delivered via a network of sites.
- 15 Work since February 2020 has focused on a flexible auditorium with 350–450 seats, front and back of house spaces, and a food and beverage facility.
- 16 The Phase One Report highlighted the need for a flexible auditorium with 350–450 seats. This would fill a gap in the ecosystem between the Regent Theatre (1617 seats) and smaller places such as the Playhouse and Globe Theatres. For comparison, the new Court Theatre in Christchurch will have 390 seats. Q Theatre in Auckland has a flexible main auditorium (350–450 seats) and a smaller studio (120 seats).
- 17 An auditorium with 400 seats is the size required by many professional touring performing arts companies so they can recover their touring costs. A flexible auditorium is designed so the seating capacity and lighting and sound can be adjusted to suit different kinds of performance. Space for food and beverage facilities means revenue can be generated for the facility to offset operational costs.
- 18 The Phase One Report identified that two smaller rehearsal and performance studios and a hub for practitioners would also fill gaps in performing arts infrastructure in the city. These spaces require much smaller footprints and could be developed as spaces and resources become available throughout the city and/or in partnership with other organisations.

- 19 An example of a such an opportunity is the potential to construct a 125–150 seat studio space next to the proposed new South Dunedin Library and Community Complex. The site cannot accommodate a full auditorium, but a studio space could hold a ‘wharehaka’: a space for Māori and Pasifika cultural performances.

Potential auditorium sites

- 20 Four auditorium sites have been shortlisted for consideration:
- Sammy’s – use the existing footprint of Sammy’s to build a stand-alone theatre.
 - The Athenaeum – partnership development with Lawrie Forbes of Zeal Land Ltd.
 - 231 Stuart Street – redevelop the former Fortune Theatre building.
 - Mayfair Theatre – redevelop the existing theatre, noting it is currently owned by a Trust.
- 21 Other sites considered through the process but not suitable for a flexible, mid-sized auditorium include:
- a) Playhouse Theatre.
 - b) Globe Theatre.
 - c) Regent Theatre – Clarkson Studio.
 - d) King Edward Court.
 - e) Tertiary sector and school auditoria.
- 22 An analysis of these other sites is included as Attachment A.

Table 1: Summary of options

Features	Sammy’s	Athenaeum	231 Stuart Street (ex-Fortune Theatre)	Mayfair Theatre
A flexible auditorium with 350–450 seats	Yes (350–450 seats)	Limited (325–350 seats)	No (230 seats)	Yes (400 seats)
Front and back of house spaces	Limited	Yes	Limited	Yes
Retail, food and beverage facilities	Limited	Yes	Limited	Yes (potential to convert existing retail spaces)
Constraints	Parts of the building are protected under the 2GP. The DCC does not own the land.	Category 1 Historic Place and part of the building is protected under the 2GP. The DCC does not own the building.	Category 1 Historic Place and the building envelope is protected under the 2GP. Need to resolve issues faced by the Fortune Theatre, including accessibility, lack of front and back of	Category 2 Historic Place and part of the building is protected under the 2GP. High level of flood risk. Not located in the Octagon or cultural quarters.

Features	Sammy's	Athenaeum	231 Stuart Street (ex-Fortune Theatre)	Mayfair Theatre
			house spaces, inadequate public toilets and constrained staff space.	The DCC does not own the building.
Opportunities	Retains a heritage building through sympathetic re-use. The DCC owns the building.	Retains a heritage building but using the space for a mid-sized auditorium may involve extensive loss of heritage fabric.	Retains a heritage building through sympathetic re-use. The DCC owns the land and building.	Maintains a heritage building and working theatre. Potential to convert existing retail spaces for studios or an artists' hub but would need to balance this with space for retail, food and beverage facilities. Would contribute to the urban regeneration of South Dunedin.

Indicative capital and operational costs

23 Indicative financial implications of the options are given in Table 2.

Table 2: Financial implications

Capital costs over the ten year period	Sammy's	Athenaeum	231 Stuart Street (ex-Fortune Theatre)	Mayfair Theatre
Capital cost	\$19,000,000	Developer cost	\$16,115,000	\$17,495,000
Specialist theatre fit-out	\$19,000,000	\$17,131,000	\$6,413,000	\$13,738,000
DCC capital cost	\$38,000,000	\$17,131,000	\$22,528,000	\$31,233,000

Operating costs in the first year of operation	Sammy's	Athenaeum	231 Stuart Street (ex-Fortune Theatre)	Mayfair Theatre
Annual operating subsidy*	\$900,000	\$900,000	\$900,000	\$900,000
Rental costs	\$13,800	\$1,500,000	—	—
Borrowing/interest	\$1,000,000	\$476,000	\$612,000	\$858,000
Depreciation	\$2,450,000	\$1,713,000	\$1,453,000	\$1,487,000
Total annual operating expenditure	\$4,363,800	\$4,589,000	\$2,965,000	\$3,246,000

Financial impact assessment	Sammy's	Athenaeum	231 Stuart Street (ex-Fortune Theatre)	Mayfair Theatre
Debt over the ten year period	\$38,000,000	\$17,131,000	\$22,528,000	\$31,233,000

Increase in the general rate in the first year of operations	2.7%	2.8%	1.8%	2.0%
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** This is the gross operating subsidy; contributions can be expected from CNZ and a fundraising programme.*

Capital costs

- 24 The capital costs for each option will depend on the work required on the base structure of each building. Sammy's, the Athenaeum and 231 Stuart Street would essentially be taken to a shell. The Mayfair Theatre would retain some of its heritage attributes, but all of its theatrical components would need to be replaced.
- 25 The capital costs should be considered as rough order of magnitude costings. Once the preferred option(s) have been selected, each stage of the design process will progressively provide more cost certainty.
- 26 The specialist fit-out costs cover installation of a flexible set of theatre components that can be configured in different ways. Key elements would include moveable seating, sound and light systems, a catwalk grid for technical access, a reconfigurable stage, space for forestage, wings, side-stage, scene-dock and crossover, semi-spring flooring and a portable control desk.
- 27 The costs for the Mayfair Theatre include an \$2 million allowance for the restoration of the existing heritage fly tower. The other options do not include provision for a fly tower as this is not required for a flexible auditorium. It is included for the Mayfair Theatre as this would be a key part of the heritage structure in need of restoration.
- 28 The costs for the Mayfair Theatre do not include the site acquisition or rental costs as informal discussions with the Mayfair Trust have not yet progressed to that point. If the Mayfair Theatre site is selected as the preferred option, more detailed discussions will be held with the Mayfair Theatre Trust about the sale or rental of the site to DCC. The current rateable value of the site is \$943,000.
- 29 Specialist theatre fit-out costs have been calculated on a rate per square metre basis for elements relating to the size of the auditorium with a fixed rate allowance for sound, lighting and specialist fixtures and fittings. The costs have been benchmarked against recent theatre development projects in the Court Theatre, Christchurch and the Waikato Theatre, Hamilton.
- 30 Initial discussions with the Ministry for Culture and Heritage and the National Lottery have indicated a project of this nature is typically funded at 33% from the organising authority, 33% from external public sector funds and 33% from other sources. This funding model could apply to all four options.
- 31 A capital budget of \$4.8 million is included in the proposed 2026/27 financial year for Sammy's/Performing Arts Centre. This could be utilised for any of the options.

Operational costs

- 32 In 2017/18 the Fortune Theatre received a CNZ annual grant of \$500,000 and a DCC annual operating subsidy of \$131,000 (\$95,000 allocated to support the Theatre, and \$36,000 for rental). CNZ has indicated the DCC subsidy provided was too low.
- 33 The proposed operational subsidy for a new theatre is \$900,000, based on the outlined business model developed by Charcoalblue. This figure is used as an average requirement – the range in seating capacity for each of the options presented makes no substantial difference to the level

of subsidy required. A more detailed business model for the preferred option will be developed in the next phase of the study; this will enable a more precise operational subsidy figure to be determined.

- 34 The annual operating subsidy would be partially offset by external funding from CNZ and other potential supporters and partners. Initial discussions with CNZ have indicated a willingness to provide ongoing financial support for professional theatre in Dunedin if the right operating model can be developed.

OPTIONS

Option One – Sammy’s

- 35 This option is to restore the Sammy’s building, using the existing footprint but not adjacent buildings.
- 36 This option would allow for a flexible mid-sized auditorium but would have limited scope for front and back of house spaces and for retail, food and beverage facilities.
- 37 Sammy’s is a heritage building with protection under the 2GP for the Vogel Street façade and north-facing brick wall and for the decorative plasterwork and proscenium arch inside.
- 38 The re-use of Sammy’s as a flexible mid-sized auditorium would involve some alterations to the heritage fabric but would maintain the theatre/performance use that is part of its heritage significance. Adaptively re-using Sammy’s would support both the performing arts sector and heritage values in the city.
- 39 The Sammy’s option also includes a cost of \$13,800 per annum to rent the land.
- 40 The spread of capital and operational costs over the 10 Year Plan 2021–31 period is shown in the tables below.

Table 3. Capital expenditure for Option 1 – Sammy’s

2021/22	2022/23	2023/24	2024/25	2025/26	Total
	\$1.0m	\$13.0m	\$13.0m	\$11.0m	\$38.0m

Table 4. Operational expenditure for Option 1 – Sammy’s

2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
\$8k	\$191k	\$1.4m	\$2.6m	\$4.4m	\$4.4m	\$4.3m	\$4.3m	\$4.2m

Advantages

- Allows for the development of a flexible mid-sized auditorium.
- The building is owned by the DCC, which reduces operating costs.
- Will enable the restoration of a building considered to be of high heritage value.
- Will support the further development of the Warehouse Precinct.

- Will enable continued engagement with CNZ with the potential to attract continuing support for professional theatre and for touring work to be hosted in Dunedin.

Disadvantages

- The land is not owned by the DCC.
- Substantial capital investment for the fit-out arising from the relatively large size of the auditorium.
- The Sammy's footprint will only allow a basic back of house and constrained front of house.
- Options for food and beverage provision are limited.
- The site is some distance from the central city bus hub and is a short walk from bus routes.
- Restoration of a heritage building will involve risk to the capital project.

Impact assessment – Option One (Sammy's)

Debt

- Would require borrowing of \$38.0 million over the period of the ten year plan to fund this option.

Rates

- In the first year of operation, the operating costs would require an increase in the general rate of 2.7%. This covers operation of the venue, interest and depreciation.
- Depreciation is estimated to be an average of \$2.5 million annually from year 6 of the 10 Year Plan, based on an average asset useful life for the building of 50 years and for the fit-out of 10 years.

Level of service

- There would be an increase in the level of service provided to the community.

Climate change

- A detailed analysis will be undertaken once detailed designs for the building have been developed.

Zero carbon

- Preliminarily assessed as resulting in a minor increase in city-wide emissions. The most significant sources of emissions are likely to be from energy use within the auditorium, and transportation choices made by users/audiences.
- Emissions from energy use is difficult to assess without any design work or energy modelling, but larger spaces are likely to have higher energy use requirements, and therefore higher emissions.

- In terms of transport emissions, the site is some distance from the CBD and CBD bus hub, a short walk from bus routes, and positioned between the pair of one-way streets. With current transport network configuration, this option is considered least likely to support low emissions transport choices.
- Energy efficiency and low emissions energy sources, links to public and active transport, provision of parking/end-of-trip facilities in line with low emissions ambitions, and waste minimisation should all be maximised in the design phase (with interventions guided using a building rating tool).

Option Two – The Athenaeum (in partnership with Zeal Land Ltd)

- 41 This is a new option involving a partnership with Zeal Land Ltd, a private development company owned by Lawrie Forbes, to develop a flexible mid-sized auditorium in the Athenaeum building in the Octagon.
- 42 Zeal Land would restore the building and undertake the major structural works required to create a shell for an auditorium. The DCC would fund the fit-out of the auditorium and associated spaces.
- 43 The DCC would then enter into a long-term lease of the space, with first option of acquiring the building if the site was offered for sale.
- 44 The Athenaeum is a Category 1 Historic Place and is considered to be of outstanding heritage value. It also has protection under the 2GP for the Octagon façade.
- 45 The re-use of the Athenaeum as a flexible mid-sized auditorium would involve gutting the building, which would materially impact on its heritage significance.
- 46 If the Athenaeum is not used for a flexible mid-sized auditorium, it is possible smaller spaces will be developed within the building, with less impact on its heritage value.
- 47 Development risks would be assumed by the developer in the first instance. Substantial delay in the project would impact the fit-out phase to be delivered by DCC.
- 48 Recent discussions with Zeal Land have indicated a rental of \$1.5 million per annum would be required so the capital outlay can be recovered by the developer.
- 49 The spread of capital and operational costs over the 10 Year Plan 2021–31 period is shown in the tables below.

Table 5. Capital expenditure for Option 2 – Athenaeum

2024/25	2025/26	2026/27	2027/28	Total
\$1.0m	\$6.5m	\$6.5m	\$3.1m	\$17.1

Table 6. Operational expenditure for Option 2 – Athenaeum

2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
\$178k	\$1.0m	\$1.8m	\$4.6m	\$4.6m	\$4.5m

Advantages

- Allows for the development of a flexible mid-sized auditorium (although smaller than options 1 and 4).
- Food and beverage provision would be managed by the venue, delivering an additional revenue stream for the facility.
- Proximity to the Regent Theatre may allow for shared loading access.
- Opportunity to partner with a developer on a restoration project for a Category 1 heritage building.
- Will support the development of the Octagon and creative precinct.
- Will support the central city evening economy.
- The site is close to the central city public transport hub.
- Will enable continued engagement with CNZ with the potential to attract continuing support for professional theatre and for touring work to be hosted in Dunedin.

Disadvantages

- Substantial annual operating expenditure required.
- Substantial capital investment for the fit-out.
- Building and land not owned by the DCC so ownership would be leasehold and subject to the risks that come with that.
- Restoration of a Category 1 heritage building will involve risk to the capital project.

Impact assessment – Option Two (Athenaeum)

Debt

- Would require borrowing of \$17.1 million over the period of the ten year plan to fund this option.

Rates

- In the first year of operation, the operating costs would require an increase in the general rate of 2.8%. This covers operation of the venue, interest and depreciation.
- Depreciation is estimated to be an average of \$1.7 million annually from year 5 of the 10 Year Plan, based on an average asset useful life for the fit-out of 10 years.

Level of service

- There would be an increase in the level of service provided to the community.

Climate change

- A detailed analysis will be undertaken once detailed designs for the building have been developed.

Zero carbon

- Preliminarily assessed as resulting in a minor increase in city-wide emissions. The most significant sources of emissions are likely to be from energy use within the auditorium, and transportation choices made by users/audiences.
- Emissions from energy use is difficult to assess without any design work or energy modelling, but larger spaces are likely to have higher energy use requirements, and therefore higher emissions.
- In terms of transport emissions, the site is closest to the CBD bus hub, and in the middle of the CBD. With current transport network configuration, this option is considered most likely to support low emissions transport choices.
- Energy efficiency and low emissions energy sources, links to public and active transport, provision of parking/end-of-trip facilities in line with low emissions ambitions, and waste minimisation should all be maximised in the design phase (with interventions guided using a building rating tool).

Option Three – 231 Stuart Street (the former Fortune Theatre)

- 50 231 Stuart Street is too small to reconfigure as a flexible mid-sized auditorium, but it could be gutted and reconfigured to operate as a small performing arts venue.
- 51 231 Stuart Street is a Category 1 Historic Place and is considered to be of outstanding heritage value. Protection is required under the 2GP for the entire external building envelope. Adaptive re-use of the building would support both the performing arts sector and heritage values in the city.
- 52 To resolve mould and damp problems, the footpath around the building will need to be excavated and the building tanked before re-laying the footpath. Installing a lift to make the building more accessible will remove some of the space for front and back of house functions. The capital expenditure costs would cover this work.
- 53 The spread of capital and operational costs over the 10 Year Plan 2021–31 period is shown in the tables below.

Table 7. Capital expenditure for Option 3 – 231 Stuart Street

2021/22	2022/23	2023/24	2024/25	2025/26	Total
\$1.4m	\$6.0m	\$6.0m	\$6.0m	\$3.1m	\$22.5m

Table 8. Operational expenditure for Option 3 – 231 Stuart Street

2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
\$178k	\$739k	\$1.3m	\$1.8m	\$3.0m	\$2.9m	\$2.9m	\$2.9m	\$2.9m

Advantages

- The building is owned by the DCC, which reduces operating costs.
- Lowest annual operational expenditure.
- Restoration of a Category 1 heritage building.
- Will support the development of the Octagon and creative precinct.
- Will support the central city evening economy.
- The site is close to the central city public transport hub.
- Will enable continued engagement with CNZ with the potential to attract continuing support for professional theatre.

Disadvantages

- The building will only be able to accommodate around 230 seats and is less likely to attract touring work than the other options.
- Previous issues with the Fortune Theatre, including restricted back of house space, would need to be addressed through design.
- Limited options for food and beverage provision.
- Restoration of a Category 1 heritage building will involve risk to the capital project.

Impact assessment – Option Three (231 Stuart Street)*Debt*

- Would require borrowing of \$22.5 million over the period of the ten year plan to fund this option.

Rates

- In the first year of operation, the operating costs would require an increase in the general rate of 1.8%. This covers operation of the venue, interest and depreciation.
- Depreciation is estimated to be an average of \$1.5 million annually from year 6 of the 10 Year Plan, based on an average asset useful life for the building of 50 years and for the fit-out of 10 years.

Level of service

- There would be an increase in the level of service provided to the community.

Climate change

- A detailed analysis will be undertaken once detailed designs for the building have been developed.

Zero carbon

- Preliminarily assessed as resulting in a minor increase in city-wide emissions. The most significant sources of emissions are likely to be from energy use within the auditorium, and transportation choices made by users/audiences.
- Emissions from energy use is difficult to assess without any design work or energy modelling, but as a smaller space, this space is likely to have smaller energy use requirements, and therefore lower emissions.
- In terms of transport emissions, the site is close to the CBD bus hub, and close to the middle of the CBD. With current transport network configuration, this option is considered likely to support low emissions transport choices.
- Energy efficiency and low emissions energy sources, links to public and active transport, provision of parking/end-of-trip facilities in line with low emissions ambitions, and waste minimisation should all be maximised in the design phase (with interventions guided using a building rating tool).

Option Four – Mayfair Theatre

- 54 The Mayfair Theatre would allow for a flexible mid-sized auditorium with front and back of house spaces. There would be potential to convert existing retail spaces for retail, food and beverage facilities or for smaller studio spaces or for an artists' hub.
- 55 The Mayfair Theatre is not currently owned or operated by DCC. Informal discussions with the Mayfair Trust have indicated a willingness to consider the sale of the site. The future operation of the site has not been discussed; the Mayfair Trust would also need to relinquish their role as operator if the Mayfair Theatre becomes the central location of the new performing arts centre.
- 56 The Mayfair Theatre is some distance from the cultural and the Octagon quarters. However, the site could act as a catalyst for regeneration in South Dunedin alongside the South Dunedin Community Library and Community Complex.
- 57 The Mayfair Theatre is a Category 2 Historic Place and is considered of high heritage value. Protection is required under the 2GP for the King Edward Street façade.
- 58 The Mayfair Theatre could be maintained and upgraded as a flexible mid-sized auditorium without substantially impacting its heritage fabric. Its use as a theatre/performance venue is also part of its heritage significance. This option would support both the performing arts sector and heritage values in the city.
- 59 The spread of capital and operational costs over the 10 Year Plan 2021–31 period is shown in the tables below.

Table 9. Capital expenditure for Option 4 – Mayfair Theatre

2021/22	2022/23	2023/24	2024/25	2025/26	Total
\$1.0m	\$7.6m	\$7.6m	\$7.6m	\$7.6m	\$31.4m

Table 10. Operational expenditure for Option 4 – Mayfair Theatre

2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
\$134k	\$714k	\$1.3m	\$1.8m	\$3.2m	\$3.2m	\$3.2m	\$3.1m	\$3.1m

Advantages

- Allows for the development of a flexible mid-sized auditorium.
- Food and beverage provision could be managed by the venue, delivering an additional revenue stream for the facility.
- Would create a destination venue in South Dunedin and could operate in partnership with a studio space at the South Dunedin Library and Community Complex if this was developed.
- Would contribute to the regeneration of South Dunedin.
- Would support the South Dunedin evening economy.
- Restoration of a Category 2 heritage building.
- Second lowest level of operational expenditure.
- The site is removed from the central city public transport hub but is connected to bus routes.
- Will enable continued engagement with CNZ with the potential to attract continuing support for professional theatre and for touring work to be hosted in Dunedin.

Disadvantages

- The building is not owned by the DCC.
- Will not support the development of the Octagon and creative precinct.
- Will not support the central city evening economy.
- Parking is likely to be more restricted than in the CBD.
- The basement and groundwater flooding present risks and would need to be factored into the design.
- Restoration of a Category 1 heritage building will involve risk to the capital project.

Impact assessment – Option Four (Mayfair Theatre)*Debt*

- Would require borrowing of \$31.2 million over the period of the ten year plan to fund this option.

Rates

- In the first year of operation, the operating costs would require an increase in the general rate of 2.0%. This covers operation of the venue, interest and depreciation.

- Depreciation is estimated to be an average of \$14.9 million annually from year 6 of the 10 Year Plan, based on an average asset useful life for the building of 50 years and for the fit-out of 10 years.

Level of service

- There would be an increase in the level of service provided to the community.

Climate change

- A detailed analysis will be undertaken once detailed designs for the building have been developed.

Zero carbon

- Preliminarily assessed as resulting in a minor increase in city-wide emissions. The most significant sources of emissions are likely to be from energy use within the auditorium, and transportation choices made by users/audiences.
- Emissions from energy use is difficult to assess without any design work or energy modelling, but larger spaces are likely to have higher energy use requirements, and therefore higher emissions.
- In terms of transport emissions, the site is some distance from the CBD bus hub and the CBD, but is on a high frequency bus route, and close to the South Dunedin centre. With current transport network configuration, this option is considered to have the potential to support low emissions transport choices.
- Energy efficiency and low emissions energy sources, links to public and active transport, provision of parking/end-of-trip facilities in line with low emissions ambitions, and waste minimisation should all be maximised in the design phase (with interventions guided using a building rating tool).

NEXT STEPS

- 60 Further work will be done to develop the design for any selected options, including refining the capital costings and developing a more detailed business model.
- 61 If option two or four is chosen, staff will enter into detailed discussions with the building owners about next steps.
- 62 Staff will report back to the 10 Year Plan 2021–31 deliberations in May 2021 with an update and refined costings for the capital and operational budgets once a more detailed business model has been developed for the preferred option.
- 63 In addition, the sector is looking at options for a temporary studio venue (100–120 seats) to allow professional theatre to continue while the permanent venue is being developed, with initial funding from CNZ and support from the DCC.

Signatories

Author:	Cara Paterson - Relationship Advisor – Arts and Culture Nick Dixon - Group Manager Ara Toi
Authoriser:	Simon Pickford - General Manager Community Services Sandy Graham - Chief Executive Officer

Attachments

	Title	Page
A	Consideration of other theatre buildings for the venue	19

SUMMARY OF CONSIDERATIONS
Fit with purpose of Local Government

This decision promotes the social well-being of communities in the present and for the future.
 This decision promotes the economic well-being of communities in the present and for the future.
 This decision promotes the cultural well-being of communities in the present and for the future.

Fit with strategic framework

	Contributes	Detracts	Not applicable
Social Wellbeing Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Economic Development Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Environment Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Arts and Culture Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Waters Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Spatial Plan	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Integrated Transport Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Parks and Recreation Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other strategic projects/policies/plans	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Professional theatre and the performing arts are a key part of the city's arts and culture ecology and support delivery of the Ara Toi, Social Wellbeing and Economic Development strategies. The development of a new performing arts centre would also help deliver some of the objectives of the Spatial Plan and the Integrated Transport Strategy.

Māori Impact Statement

Mana whenua are represented on the steering group for the feasibility study. Consultation has also been undertaken with Māori performing arts practitioners.

Sustainability

Less professional theatre and performing arts activity could affect the sustainability of the city's arts and culture ecology (including amateur and professional practitioners, educators and career pathways) and short and long term access of Dunedin's communities and audience to professional theatre.

LTP/Annual Plan / Financial Strategy /Infrastructure Strategy

At present there is a provisional capital budget of \$4.8 million included in the 2026/27 financial year.

Financial considerations

The capital and operational costs are summarised in *Table 2: Financial implications*.

Significance

The report is assessed as being of low significance in terms of the Council's Significance and Engagement Policy.

SUMMARY OF CONSIDERATIONS

Engagement – external

External engagement has included working with a Project Steering Group with representatives from DCC, CNZ, mana whenua and Stage South. Detailed discussions have been held with Zeal Land Ltd. Staff have also had initial conversations with the Mayfair Trust. The project has been informed by discussions with a Project Advisory Group that is made up of key representatives from the Phase One engagement, representing knowledge and expertise from a range of sector constituents to ensure that the project is informed by local participation. Informal discussions have been held with the Ministry of Culture and Heritage, the National Lottery, and Otago Community Trust.

Engagement – internal

Engagement has taken place with Enterprise Dunedin, City Development, Ara Toi, Property Services, Finance and Corporate Services.

Risks: Legal / Health and Safety etc.

Various risks for each option are detailed in the body of the report.

Conflict of Interest

There is no known conflict of interest.

Community Boards

There are no implications for Community Boards.

CONSIDERATION OF OTHER THEATRE BUILDINGS FOR THE VENUE

- 1 This study reviewed the viability of other sites in the original options report and existing performing arts venues. The analysis is below.

Vision	Playhouse Theatre	Globe Theatre	Regent Theatre – Clarkson Studio
A flexible auditorium with 350-450 seats	No (136 seats)	No (80 seats)	No (80-100 seats)
Front and back of house spaces	Limited	Limited	Yes
Retail, food and beverage facilities	No	No	Potential to convert existing retail spaces
Two smaller studio spaces	No	No	1 studio space
An artists' hub providing low cost work spaces	No	No	No
Constraints	Insufficient space for the auditorium Accessibility issues	Insufficient space for the auditorium	Insufficient space for the auditorium

Playhouse Theatre (136 seats)

- 2 The Playhouse has a strong focus on productions for and by young people. It was identified by Charcoalblue in Phase One as providing opportunities for children and young adults to engage in theatre as either cast or crew. The Playhouse is popular, with a waiting list of young people wanting to be involved. It services a very important need in the community and the performing arts ecosystem as a place for actors and artists to train and a place to develop future audiences. The building has issues with accessibility and the main roof structure over the stage house.
- 3 The Playhouse is excluded as an option because its mission is incompatible with a more general approach to productions and audiences and because the building does not provide enough space to provide a larger auditorium.

Globe Theatre (80 seats)

- 4 The Globe Theatre's governance and operations are run by a volunteer committee. The theatre develops and produces a season of work every year with its members and operates as a theatre for hire during festival seasons if programming allows.
- 5 The building could not accommodate a mid-sized auditorium.

Regent Theatre – Clarkson Studio (80-100 seats)

- 6 Recently refurbished as a black-box space, the Clarkson Studio can accommodate a maximum of 120 but the sight lines are constrained for more than 80 seats. The Clarkson Studio can operate well for workshops and rehearsal space but affordability has been highlighted as a barrier without a community-subsidised rate.
- 7 The studio could not accommodate a mid-sized auditorium.

King Edward Court

- 8 This facility was an option considered in the original study in combination with the Filleul Street carpark – the main auditorium would be developed on the car park and the artists' hub and other ancillary spaces would be accommodated at King Edward Court.
- 9 This option is not considered viable as the scale of the building would require considerable remediation and seismic strengthening costs in addition to the construction of the auditorium.

Other site options in the original Phase Two Report

- 10 Other options considered include the Steamer Basin, the Frederick Street carpark, the Go Bus Depot and a variety of sites occupied by 'big box' retail outlets.
- 11 None of these are considered viable as they are not located within the cultural or Octagon quarters and all would involve demolition and construction of new buildings. The substantial budget implications for these options make them unviable.

Tertiary sector and school auditoria

- 12 The city benefits from a wide range of performance spaces owned and operated by schools, the University of Otago and Otago Polytechnic. However, the primary purpose of these facilities is to support educational provision, and none could accommodate the need for regular performances and rehearsal space.