

APPENDIX L

Paul Wylie

From: Shane Davies [shane.davies@ncc.govt.nz]
Sent: Thursday, 19 November 2009 2:53 p.m.
To: Paul Wylie
Cc: Alec Louverdis
Subject: RE: Statement of Proposal Performing Arts and Conference centre

Hello Paul,

Thank you for your email of 27th October 2009 regarding the Statement of Proposal for the Performing Arts and Conference Centre.

We appreciate your input to the consultation process and actively encourage you to make a submission. Therefore ask as many questions as you need to and we will endeavour to provide as much information as we can.

To that end we have addressed your queries below (in red) and ask that you do not hesitate to contact me if you require any clarification regarding our responses.

Kind regards

Hugh Kettlewell

From: Paul Wylie [mailto:Paul.Wylie@tasman.govt.nz]
Sent: Tuesday, 27 October 2009 3:07 p.m.
To: Hugh Kettlewell
Subject: Statement of Proposal Performing Arts and Conference centre
Importance: High

Hi Hugh

It is possible that TDC may make a submission on this proposal, especially as the proposal asks the question "Is Tasman contributing?"

Prior to preparing any report for TDC discussion I would appreciate your assistance with the provision of some back ground information that does not seem to be available on your website.

1. At point 2 of the proposal it states;

"In June this year Council enlisted the help of project management company, BECA, to develop a design brief and early design proposal for a Performing Arts and Conference Centre on the Rutherford Hotel Holdings site next to the Rutherford Hotel. This site is proposed because it is close to the CBD and Nelson's largest hotel and proposed conference facilities. Additionally, the site is within easy walking distance of other accommodation. Nearby restaurants and bars mean there is no need to duplicate that infrastructure elsewhere. BECA reported back that a quality Performing Arts and Conference Centre can be provided on the Rutherford Street site within the \$28 million budget."

a. Could you please urgently provide a copy of the "design brief and early design proposal for a Performing Arts and Conference Centre on the Rutherford Hotel Holdings site next to the Rutherford Hotel ?

The design brief and early design proposal is effectively the same as that information provided in the Statement of Proposal. Further detailed design is subject to the decision reached at the conclusion of the Special Consultative Procedure (SCP).

b. I would also appreciate a copy of the BECA report back to the council in which BECA confirmed that all the facilities described in the design brief can be provided within the \$28m budget.

The Beca report was delivered verbally; however, Beca are confident that the \$28 million budget is appropriate for the scope of this facility.

2. At point 9 (1st paragraph) of the proposal it states;

"The conceptual design is based upon a maximum budget of \$28 million, including design and project management. This budget is comparative to similar theatre developments elsewhere in New Zealand."

a. Can you confirm that this budget includes design/consultants fees, NCC levies/fees, legal fees, upgrading of surrounding footpaths and roading, upgrading of neighbouring parking, and the equipment fit out?

The \$28 million budget includes all of the items detailed in the above sentence.

b. Is it possible to provide an itemised breakdown of the components of this capital budget? (I would have assumed that this would be possible given the detailed breakdown of features listed in point 3 of the proposal.)

A detailed breakdown of the physical works component of the capital budget is not available as the detailed design is yet to commence. However, the design team have confirmed that the \$28 million dollar budget is appropriate for the scope of this facility.

3. At point 9 (2nd paragraph) of the proposal it states;

"Once the Performing Arts and Conference Centre is up and running, it will cost approximately \$3.8 million per annum. This is interest, depreciation and ongoing running costs. These running costs, including staffing, maintenance, energy, consumables and utilities, are likely to be around \$430,000. The total funding amount per year also includes repayments of the loan taken out for the project. These amounts have already been provided for in our draft and final Nelson Community Plan (LTCCP), which is why Council considers the project to be affordable"

a. Can you provide a breakdown of the \$3.8m per annum annual operating costs?

Interest	\$1.92 million (estimated at 6% average).
Repayments	\$0.80 million.
Depreciation	\$0.64 million (estimated at 2%).
Net running costs	\$0.44 million.

b. It appears that the \$430,000 for staffing, maintenance, energy and consumables is included in the \$3.8m. Is that correct?

Correct.

c. What is the proposed annual provision for loan repayments over the term of the LTCCP?

This provision is \$800,000 and is included as part of the \$3.8 million allocation in item 3a above.

d. Can you please provide the references to the tables and pages in the NCC LTCCP that show where the expected operating costs, income, and borrowings and loan repayments are included?

(I looked quickly but could not see anything obvious)

These figures have been included as part of the total figures in Volume Two of the Nelson Community Plan on page 9. They are covered in greater detail in the Final Estimate report, for the Ten Years Ended 30th June 2019, on pages 146 and 147.

e. Have you any prospective operating statement that will show the expected revenue and probable ratepayer subsidy to cover any expected shortfall over each year of the LTCCP? If so could we please have a copy?

No this has not been investigated at this stage. This will be dependant on the number and range of events that occur within the PAC and it is expected that event organisers will be responsible for hosting major performances within the facility.

f. If there is to be an annual shortfall on operating the separate performing arts centre, is there any NCC expectation that TDC will annually fund a "share" of that shortfall?

Operating costs have been allowed for in the LTCCP, as this would operate as a regional facility any TDC contribution would be appreciated but has not been budgeted for.

g. As you have used the BERL figures to outline the economic worth of the performing arts centre, I assume that you have done some calculations for expected performing arts centre revenue based on the high and low usage scenarios outlined by BERL. Could we please have a copy of those performing arts centre revenue calculations?

There have been no specific revenue figures calculated other than those already outlined by Berl.

h. I note that the proposal uses the term "Performing Arts and Conference Centre." Could you please confirm that Rutherford Hotel Holdings Ltd will build, and own, and operate, the separate conference centre and that it will be entirely responsible for both the capital budget and operating costs for that separate facility. If that is correct could you also then please confirm that all the financial figures used in the proposal relate solely to the separate performing arts centre?

We confirm that the Conference Centre will be built, owned and operated by RHH Ltd. Therefore RHHL will be responsible for both the capital budget and operating costs of the Conferencing facility. We confirm that the financial figures in the proposal relate solely to the Performing Arts centre.

i. The operating costs assumption in the proposal indicates that NCC will provide the full capital budget funding for the separate performing arts centre, probably by borrowing. Could you please confirm that the capital cost will be funded by borrowing?

We confirm that the capital cost will be funded by borrowing.

j. It would appear from the proposal that while NCC will seek additional funding sources, NCC is not relying on any third party funding for the separate performing arts centre, prior to making a decision on whether to proceed or not. Is this assumption correct?

We confirm that, while we encourage contributions from others, this proposal does not rely on third party funding prior to making a decision on whether to proceed with the Performing Arts and Conference centre or not.

k. **If this funding assumption is not correct and third party funding will be sought, could you please identify from whom and how much from each third party? If NCC has set itself some minimum third party funding threshold as a pre-condition to proceeding, it would also be helpful if you could identify that threshold.**

As per item J above, this proposal has not identified a minimum third party threshold. However, should the PACC proceed, we will actively encourage and welcome third party contributions.

4. **At point 10 the proposal says that "the development will target a green star rating of not less than 5 stars". My reading on sustainability indicates that a five star rating would add significant additional cost.**

a. **Has this additional "sustainability" cost be allowed for in the BECA costs estimates that lead to their conclusion that a performing arts centre inclusive of all of the features outlined in point 3 of the proposal, could be built and fully fitted out, at a total cost not exceeding \$28m?**

A detailed breakdown of the physical works component of the capital budget will be completed during the preliminary design, however, at this stage Beca have included for sustainability costings in their preliminary confirmation of the \$28 million budget.

5. **Also in point 10 of the proposal it states that "The building is expected to have a fly tower between 20m and 24m high." I note that the list of features included in point 3 of the proposal is almost exactly the same as those features listed in Mr Marshall's recent report to the Nelson council, except that the list in Mr Marshall's report did not include any references to the fly tower.**

a. **Could you please confirm that a fully equipped fly tower of the proportions described in point 10 of the proposal is included in the design brief and that it can be provided within the capped \$28m total cost budget?**

We confirm that a fully equipped fly tower is included in the concept design and can be provided within the \$28 million budget.

6. **In point 3 of the proposal there are "birds eye" view diagrams showing the Rutherford Hotel and the proposed separate Performing Arts Centre. There appears to be two different performing arts centre layouts, dependent on whether Nile Street or Selwyn Street is used for the main entrance. While the elements of the separate performing arts centre are detailed, I cannot see any details of the proposed extensions to the Conference Centre.**

a. **I am assuming that in both layouts, the grey "Rutherford Hotel" area is the existing hotel floor plan. If that is not correct could you please identify what portion of the Hotel Rutherford floor plan is the extension of the conference centre to the extent outlined in Mr Marshall's recent report to Nelson council.**

We confirm that the proposed Rutherford Hotel Conference Centre expansion is intended for the south western corner of grey hotel floor plan area. However the exact extent of this work is subject to further design and discussion between the PAC and CC Architects.

b. **Is the dotted line that appears to be a connection between the hotel and the separate performing arts centre included in the capital budget of \$28m. If not who is expected to pay for the construction of that connection?**

At this early stage in the design the physical linkage between the two facilities, as indicated by the dotted line, has been allowed for within the total budget. However, confirmation as to which party is to fund it is still being negotiated and will require further discussion and detailed design.

My apologies for all the questions but you will appreciate that before staff can give any report to TDC councillors we need to have robust information on which to base any comment or recommendations. I am hoping that you will have most of the answers at your finger tips. However if you have to take some time to get some of the requested data, could you please send across what ever you currently have to hand so that we can make a start?

We will be struggling to get this through council prior to your cut off date for submissions, but given the open ended nature of your question, "Is Tasman contributing?" I hope that you will be able to tolerate a delay of a few days. We will do our best to have the TDC view in front of you before your council enters into consideration of submissions.

Regards

Paul

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