AGENDA

Council Workshop
Thursday, 12 November 2026

I hereby give notice that a Council Workshop will be held on:

Date: **Thursday, 12 November 2026**

Time: **1:30 pm LTP - Future of Baycourt and Event Venues Network Plan**

Location: **Tauranga City Council Chambers**
L1, 90 Devonport Road
Tauranga

Gareth Green
Interim Chief Executive

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1 BUSINESS

1.1 Future of Baycourt

File Number: **A21251485**

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Presenter(s):	External presenter(s):
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Reena Snook, Baycourt Theatre Manager	
Ed Boydell, Principal Strategic Advisor	

Workshop information

Purpose of workshop

1. The purpose of this workshop is to seek input from Elected Members around the future redevelopment of Baycourt Theatre to inform the preparation of the Long-term Plan (LTP).

Executive summary

2. Baycourt is Tauranga's only permanent, professionally equipped performing arts venue. The ageing facility needs investment to address building condition, accessibility, safety, and functionality. Elected Member direction is sought to inform the LTP.

3. Baycourt's 582-seat capacity and configuration constrains demand, concurrent use, and commercially viable touring productions. Planning indicates that Tauranga needs a 1,500-1,600-seat venue, and reactive maintenance alone will not resolve these issues.

4. Approximately $16.8 million is allocated for Baycourt upgrades between FY25/26 and FY31/32. However, this figure is a high-level estimate for very modest renovations only; it is unlikely to be sufficient to deliver increased seating capacity or the full range of improvements required to meet Tauranga's current and future performing arts needs.

5. The options presented at this workshop range from only necessary repairs, to replacement, a second venue, or no action. Elected Member direction is sought on Baycourt's future role, preferred options, proceeding with a business case, and inclusion in LTP consultation.

Background information

6. Baycourt Community and Arts Centre opened in 1983 and is Tauranga's only permanent, professionally equipped performing arts venue. Located within the Te Manawataki o Te Papa (TMOTP) civic precinct, it has served as the city's principal performing arts hub for more than four decades, supporting both community-led performing arts activity and visiting professional/commercial productions.

7. Baycourt is a strategically important piece of Tauranga's civic and cultural infrastructure. It provides a venue for local schools, dance schools, community groups, amateur theatre and civic events, while also supporting visiting professional artists, touring productions and commercial shows. This dual role has made Baycourt an important cultural asset, but it also creates regular competing demands on the facility.

8. As Baycourt approaches its 50-year anniversary in 2033, the building is showing clear signs of ageing, including significant weather-tightness issues. Investment is required to ensure the facility remains safe, functional and fit-for-purpose, and to address current limitations in accessibility, performance capability, customer experience and long-term operational functionality.

9. There is approximately $16.8 million allocated between FY25/26 and FY31/32 for Baycourt upgrades, with a total of $314k spent to date between FY22/23 and FY24/25. The majority of this total amount is allocated in 2031 and 2032 (~$14.5m). Of this approximately $14.5m, $6.45m is expected to be funded via renewals, with the remainder being new capital funding.

10. These figures are high-level estimates for very modest renovations only; they are unlikely to be sufficient to deliver increased seating capacity, or the full range of improvements required to meet Tauranga's current and future performing arts needs.

11. Previous work has been undertaken to explore potential redevelopment options for Baycourt, including an 'incremental business case analysis' developed by Horwath in 2024 (Attachment 1). However, this work did not progress due to a range of factors.

12. The Horwath incremental business case concluded that redeveloping Baycourt by upgrading the foyer and bar facilities, modernising the venue, and replacing the X Space with a purpose-built 'black box' theatre would substantially improve venue flexibility, patron experience, and revenue-generating capacity, particularly through food and beverage sales and increased business events activity. By year five, the redevelopment was projected to add 136 events annually, reduce Baycourt's net operating cost by about $563,000 (56% lower than the status quo), and generate sufficient operating returns to exceed the cost of capital from year five onwards.

13. While elements of this previous work may still be relevant, the current LTP process provides an opportunity to revisit the case for investment and seek updated direction from Elected Members on the preferred way forward.

14. Baycourt's location within TMOTP means its future also has implications for the wider civic precinct. Any future investment decision will need to consider how the venue contributes to city centre activation and vibrancy, and general public experience. Without refurbishment, there is a risk that Baycourt's ageing facilities could increasingly detract from the experience and reputation of the newly developed precinct.

15. The timing of this workshop is therefore important. Decisions about the future scope, scale and timing of investment in Baycourt will inform LTP development, including whether the project should continue as a modest renewal programme, or progress as some to-be-agreed kind of more substantial redevelopment.

Issues

16. Tauranga does not currently have a clearly articulated long-term direction for its performing arts infrastructure. Without this strategic direction, it is difficult to determine the appropriate future role and scale for Baycourt.

17. Baycourt is currently expected to serve two different and, at times, competing markets: community-led activity such as dance schools, school productions, musical theatre and civic events, and commercial/professional touring productions. These users have different requirements around capacity, technical equipment and capability, scheduling, affordability, and commercial viability. This creates tension in how the venue is programmed and prioritised.

18. Tauranga has the lowest theatre seats per capita among comparable New Zealand cities (e.g. Hamilton), and smaller towns (e.g. Kerikeri, Invercargill etc.). As shown in the table below, Baycourt has 3.6 professional theatre seats per thousand people, while the average of comparable cities and smaller towns is 10.3. While there is no level of service policy for performing arts provision, the venue's low seating capacity is reflected in the multiple conflicting issues.

Performing arts				
		Seats	**Population**	**Seats per thousand population**
Christchurch	Townhall	2250	419200	5.4
Hamilton	New theatre	1300	192100	6.8
Wellington	St James	1543	210800	7.3
Tauranga	Baycourt	582	161300	3.6
Rotorua	Howard Morrison	918	78000	11.8
New Plymouth	Theatre Royal	955	90100	10.6
Hastings	Opera house	979	88300	11.1
Napier	Municipal	985	66400	14.8
Palmerston North	Regent on broadway	1362	90500	15.0
Whanganui	Opera house	800	49200	16.3
Kapiti	Te Raukura	331	58000	5.7
Nelson	Theatre Royal	337	54300	6.2
Invercargill	Civic theatre	1015	58000	17.5
Dunedin	Regents	1617	132800	12.2
			Average	10.3
150-400k population				
		Seats	**Population**	**Seats per thousand population**
Hamilton	New theatre	1300	192100	6.8
Tauranga	Baycourt	582	161300	3.6
Dunedin	Regents	1617	132800	12.2
			Average	7.5

19. The venue's 582-seat auditorium constrains its ability to accommodate popular large-scale community events and reduces its attractiveness to touring commercial productions, many of which require larger audiences to be financially viable. As a result, both Baycourt and Tauranga may be missing opportunities to host high-quality performances, as well as the potential to increase venue utilisation by attracting productions that currently bypass Baycourt due to its seating capacity constraints.

20. There is a high demand for Baycourt's facilities, and this demand is growing in-line with Tauranga's growth. Resident survey feedback has consistently highlighted the need for additional seating capacity to attract larger events to Tauranga. This aligns with planning work, including the Event Venues Network Plan, which identifies that Tauranga would ideally have access to a 1,500-1,600-seat performing arts venue, which would service the city's growth for the next 50 years.

21. The current building configuration also limits utilisation. Noise transference between the Addison Theatre and X Space means both spaces cannot always be used concurrently,

reducing programming flexibility, revenue potential, and the venue's ability to respond easily to growing demand.

22. Baycourt also requires significant investment to meet modern expectations for performance capability, accessibility, safety and user experience. Improvements are needed across both front-of-house and back-of-house areas, including patron amenities, accessibility, dressing rooms, and storage and circulation.

23. Baycourt is operating within an increasingly competitive regional venue market. The opening of the BNZ Theatre in Hamilton, together with the reopening of the refurbished Sir Howard Morrison Centre in Rotorua, places greater emphasis on commercially driven touring content, meaning Tauranga risks losing touring productions to nearby centres with newer, more suitable and larger capacity facilities.

24. Continuing with reactive maintenance and upgrades would not address the underlying strategic, capacity, and functionality issues. It risks increasing whole-of-life costs and may risk service disruption or temporary closure if building condition deterioration continues.

25. A refurbishment or redevelopment of Baycourt is therefore desirable to ensure the facility can continue to serve the community effectively.

Outcomes sought

26. It is intended that the workshop will provide Elected Members with an opportunity to give early direction on the future of Baycourt Theatre, as part of the LTP development. In particular, the workshop seeks direction on:

    (a) the preferred strategic role of Baycourt within Tauranga's future performing arts network;

    (b) which options should be progressed, refined or discounted before further work is undertaken;

    (c) whether a business case should be prepared for one or more preferred options; and

    (d) whether the future of Baycourt should be included as a significant LTP consultation topic, and if so, what question(s) would Elected Members like to consult on.

Options

27. These options are explored further in the slide pack, which will be shared in advance of the workshop. Specifically, further information on the proposed scope of each option and an indicative cost will be included.

OPTION	Description
Option 1	**Undertake minor repairs and short-term remedial works to the existing Baycourt facility.**
Option 2	**Undertake a significant refurbishment and upgrade of Baycourt, including a minor increase of seating capacity in the Addison Theatre (<200pax).**
Option 3	**Replace Baycourt with a new purpose-built community/commercial theatre on the existing site accommodating 1,500-1,600 seats.**
Option 4	**Undertake Option 1 and develop an <u>additional</u> purpose-built, commercially focused theatre on a second site (Option 3 on a different site).**
Option 5	**Do nothing.**

Next steps

28. Following this workshop, it is proposed that a business case be developed for Council's preferred option(s).

29. It is proposed that the future of Baycourt be consulted on as part of the LTP process.

Attachments

1. Baycourt Incremental Business Case Analysis 2024 - A21251547

INCREMENTAL BUSINESS CASE ANALYSIS

BAYCOURT COMMUNITY AND ARTS CENTRE



Prepared for Tauranga City Council

15 February 2023

Horwath HTL

Hotel, Tourism and Leisure

A member of Crowe Global

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1 INTRODUCTION

Tauranga City Council (Council) has engaged Horwath HTL to assist with a Business Case analysis regarding improvement of the facilities at Baycourt Community and Arts Centre, Tauranga (Baycourt).

This follows our analysis of three seating expansion options in the Addison Theatre undertaken during 2023. This current assessment is based on some of the previous analysis.

1.1 BACKGROUND

The project includes improving front and back of house facilities to achieve both functional and aesthetic improvements / modernisation, a small expansion of the seating capacity of the Addison Theatre, and the proposed development of a purpose built 'black box' theatre to replace the current X Space.

We have analysed the potential incremental financial / cashflow impacts of the project by comparison with an assessment of the 'Status Quo' (ie: do nothing scenario).

1.2 SCOPE OF WORK

We have undertaken the following scope of work to meet your objectives:

- worked with the Baycourt team (in 2023) to establish what the 'baseline' status quo is in terms of:
  - the 'existing' business mix
  - the effects of the current deficiencies in front and back-of-house facilities
  - the potential for attracting new / additional events with a small increase in the seating capacity of the Addison Theatre
  - the potential to redistribute events between the Addison Theatre and current X Space to an improved fit-for-purpose black box venue
- prepared future projections of the Baycourt business in relation to the Status Quo and the proposed redevelopment, and therefore the incremental difference between the two scenarios, including:
  - activity / utilisation levels by event type
  - operational revenues by event type and type of revenue
  - operational costs by event type
  - overhead costs
  - net operating cashflow.

Our scope of work has not included:

- detailed market enquiries other than those identified above

- detailed independent primary market research other than to the extent indicated above (eg: market surveys)
- detailed verification of information or representations provided by third parties
- analysing or commenting on any capital cost estimates associated with any of the refurbishment / expansion scenarios.

1.3 DISCLAIMERS

This report is based on certain assumptions, estimates and other information available to us (the sources of which are stated in our report) and our knowledge of the venue market in New Zealand and the Bay of Plenty / Waikato region. We did not carry out an audit or verification of the information supplied to us during the engagement, except to the extent stated in this report.

Some assumptions and forward-looking statements inevitably will not materialise, and unanticipated events and circumstances may occur. Therefore, actual results achieved during the period covered by our analysis may vary from those described in our report (including forward looking statements and projections) and the variations may be material.

Our report is intended for the use of Tauranga City Council. Neither the report nor its contents, nor any reference to our firm may be included or quoted in any offer document, prospectus, valuation or other document without our prior written consent and input.

We reserve the right to (i) review any document for consistency with our report, where there is a reference to our report, or inclusion of any part, and (ii) suggest amendments to your document. This may result in additional engagement by our firm, and therefore additional fees.

Horwath HTL Ltd owes a duty of care to Tauranga City Council as our client and cannot be held responsible for any loss suffered by a third party as a result of that party relying on our report. The potential liability of Horwath HTL Ltd under this engagement, or in any way associated with the services rendered, will be limited to the extent of our fees paid to Horwath HTL Ltd in relation to this engagement.

2 EXECUTIVE SUMMARY

Table 2.1 shows a summary comparison of the Status Quo and the redevelopment scenario in Year 5, which is assumed to represent a stabilised year of trading.

The incremental ('Inc.') columns show the incremental difference between the two scenarios. The Combined column (grey) show the impact of the incremental difference combined with the Status Quo.

Table 2.1: Comparison of Status Quo and Development Scenario Projections (Year 5)

	Status Quo	Redevelopment	
		Increment.	Combined
Event Activity			
Events	151	136	287
Event Days	213	157	370
Attendee Days	67,000	28,000	95,000
Revenue			
Venue Rental	561,000	217,000	778,000
Food & Beverage	360,000	1,180,000	1,540,000
Technical Equipment	118,000	97,000	216,000
Ticketing Rebate	62,000	16,000	78,000
Other	89,000	-	89,000
Operating Revenue	**1,191,000**	**1,511,000**	**2,701,000**
Less Variable Operating Costs			
Event Services Labour	178,000	21,000	199,000
Food & Beverage	209,000	831,000	1,040,000
Technical Equipment	83,000	68,000	151,000
Other	7,000	2,000	9,000
Total Variable Operating Costs	**476,000**	**922,000**	**1,399,000**
Departmental Profit (Loss)	**714,000**	**588,000**	**1,303,000**
Less Fixed Operating Costs			
Salaries	1,020,000	-	1,020,000
Administration and General	271,000	14,000	285,000
Sales and Marketing	113,000	3,000	116,000
Cleaning	87,000	4,000	91,000
Utilities	78,000	4,000	82,000
Security	17,000	-	17,000
Repairs and Maintenance	114,000	-	114,000
Insurance	-	-	-
Rates	12,000	-	12,000
Total Fixed Operating Costs	**1,711,000**	**25,000**	**1,736,000**
Net Operating Cost	**- 997,000**	**563,000**	**- 433,000**

(Source: Horwath HTL)

The high level budget estimates of the capital cost of the recommended project has been provided by RLB, dated 18 December. We are advised that the estimate includes provisions for:

- Escalation
- Fees, Consents and Insurances
- Client Direct Costs including Design Manager
- Contingency.

The total estimated project cost is $23.927 million. We are advised that $6.282 million will be funded from existing Renewals reserves, and a further $11.0 million has already been approved. The remaining cost, coved in this Business Case, is $6.645 million.

We have been requested to factor in a Cost of Capital (CoC) charge in relation to the project. Based on advice from Council's finance team, the interest rate component of the CoC is assumed to be 5.5%. The CoC charge also needs to allow for a depreciation charge. Assuming the capital cost is written off over a period of 50 years (the building components would be over a longer period, and fit-out and equipment over a shorter period), that would add 2.0% to the CoC and give a total CoC charge of 7.5%.

The annualised charge on the remaining project cost is $498,375.

Under the Status Quo option (ie: 'do nothing), the Net Operating Cost (before Depreciation and allocation of any Council Overhead) is projected to rise from $874k (in Year 1) to $997k (Year 5) – and the Net Operating Cost can be expected to rise in each subsequent year as variable and fixed operating costs rise faster than revenue.

These 'Status Quo' projections are detailed in Table 6.1 on Page 15 of this report.

Under the redevelopment Scenario, including expanded foyer space and new Black Box Theatre in the existing X Space, incremental Net Operating Revenue (before Depreciation and allocation of any Council Overhead) is projected to rise from $187k (in Year 1) to $563k (Year 5) – and the incremental Net Operating Revenue can be expected to rise in each subsequent year as incremental variable and fixed operating costs rise at a slower rate than incremental revenue.

The incremental revenue is generated mainly as a result of the improved F&B capacity (in particular the foyer bar), significantly improved overall venue flexibility and revenue generation potential arising for the purpose-built Black Box venue and substantially improved foyer space.

These incremental projections are detailed in Table 6.2 on Page 17 of this report.

The Net Operating Cost of the Redevelopment Scenario ('Status Quo' Net Operating Cost less incremental Net Operating Revenue) is 56% lower than the 'Status Quo' in Year 5, and the future Net Operating Cost trend is projected to be reducing rather than increasing.

Table 2.3 summarises the Net Cost / (Profit) of the incremental revenue before and after the calculated Cost of Capital in Years 1-5.

Table 2.3: Cost of Capital Charge and Project Net Cost after Cost of Capital

	Year 1	Year 2	Year 3	Year 4	Year 5
Incremental Net Operating Profit	$187,461	$268,350	$361,239	$455,533	$563,088
Unfunded Capital Cost	$6,645,000	$6,645,000	$6,645,000	$6,645,000	$6,645,000
Cost of Capital rate	7.50%	7.50%	7.50%	7.50%	7.50%
Cost of Capital charge	$498,375	$498,375	$498,375	$498,375	$498,375
Net Cost after Cost of Capital	**-$310,914**	**-$230,025**	**-$137,136**	**-$42,842**	**$64,713**

These financial projections have been prepared by Horwath HTL Ltd based on estimates and assumptions which are inherently subject to uncertainty and variation depending upon certain evolving events. Accordingly, we do not present the projections as results which actually will be achieved. Actual results achieved may vary from the projections and the variation may be material.

(Source: Horwath HTL)

It is likely that cumulative Net Profits after Cost of Capital in Years 5-10 would offset the Net Costs in Years 1-4.

3 THE 'STATUS QUO'

The rationale for the proposed improvements include the following factors:

- the facade of the existing theatre, dating from 1983, requires modernising to better complement the new Civic precinct which will surround Baycourt
- there is a need for improved accessible movement to and within the venue and between the varying levels at the new adjacent Te Manawataki Plaza
- these changes will trigger various Building Code compliance requirements / improvements, most notably in relation to foyer size and toilet capacity
- the back of house facilities are inadequate in various respects, including in relation to the capacity of the loading dock access to the stage and reconfiguration / potential expansion of the back of house facilities including toilet capacity
- increased competition from regional theatres (ie: the newly redeveloped and expanded Sir Howard Morrison Centre in Rotorua and the Waikato Regional Theatre now under development in Hamilton to replace the former Founders Theatre) means Baycourt's lower seating capacity and relatively dated facilities make it a less competitive venue in a regional context for hosting commercial and other touring entertainment shows and theatre / performing arts events.

3.1 ADDISON THEATRE

The Addison Theatre currently has a fixed seating capacity of 537 seats. The maximum capacity of the theatre is 585 seats, including up to 48 loose seating positions depending on the number of accessible (wheelchair) seats, and some of the additional seating positions have reduced sightlines. The project includes improving the sightlines and comfort of these seats.

3.2 X SPACE

The current X Space, whilst marketed as a black-box format adaptable space that can be configured in many different ways to suit almost any event, does not have the functionality of a purpose-built black box theatre. Reconfiguring the X Space for various uses is usually labour-intensive and therefore expensive for hirers. The X Space is also unable to be used concurrently with the Addison Theatre because of noise transference which limits the number of events which can be hosted in it.

The X Space therefore currently has a relatively low level of utilisation, being occupied on only 100 days (32% of the 315 available days) in the Year Ended June 2023, including pack in / out and rehearsal days.

3.3 FOOD AND BEVERAGE REVENUE

A performing arts venue typically has the objective to sell as much Food and Beverage as possible in the short space of time available pre-show and during the interval (if

applicable). Baycourt's ability to capture Food and Beverage revenue is currently significantly constrained by the small size of the lobby and bar, limiting the number of patrons that can be served.

3.4 INDUSTRY CONSULTATION

Our consultation with national performing arts producers, presenters and promoters indicates a general range of venue needs which include:

- a 500–700 seat theatre, which still feels comfortable for 400
- end stage 10m x 8m to 12m x 12m
- potential to add forestage for music preferred (if proscenium format)
- fly tower - nice to have
- acoustic for drama / amplified sound
- some adaptation for orchestra / chamber music
- high quality inhouse lighting and sound
- easy access for pack in / out
- 120 seat black box studio.

Baycourt currently satisfies most of these requirements, albeit the theatre is at the smaller end of the scale; the most significant problem is the access to the venue for pack in / out.

3.5 COMPETITIVENESS IN THE MARKET

Baycourt will face increased competition from the Sir Howard Morrison Centre and Waikato Regional Theatre for large performing arts and entertainment events in future.

3.5.1 Sir Howard Morrison Centre

The refurbished / remodelled Sir Howard Morrison Centre re-opened in February 2023. Rotorua's focus is strongly on culture and the performing arts.

The Sir Owen Glenn Theatre now has over 950 seats allowing it to attract large shows. According to its website, the theatre services, acoustics and HVAC have been upgraded to the level expected of a contemporary theatre. A small-scale orchestra pit has been designed to accommodate showbands and small orchestras to accompany stage performances. It is suitable for theatre, dance performances, music, large scale productions, comedy shows, award presentations, talks and seminars.

Te Haumako Black Box Theatre is a flexible 12m x 22m studio with a semi-sprung floor. Theatre grade, retractable seating and mobile seating blocks can accommodate a wide range of music, theatre and dance performances in a range of layouts, from the

traditional stage-end for up to 300 people, to smaller more intimate in-the-round, short traverse and thrust stage shows.

In the media, the Theatre's performing arts director commented on the need to rebuild its performing arts community, and audience, having been closed for five years, before attracting big international acts.

3.5.2 Waikato Regional Theatre

The new 1,300-seat Waikato Regional Theatre is currently under construction and planned to open in Hamilton in early 2025. The auditorium will be able to host drama, kapa haka, orchestral, and rock / pop concerts, musicals, ballet, opera and community ceremonies.

3.5.3 Te Manawataki o Te Papa

Te Manawataki o Te Papa (translated as "the heartbeat of Te Papa") will feature a library and community hub, civic whare (public meeting house), museum, and exhibition gallery. Construction will commence in 2024 and be completed in 2028.

We are advised that a high proportion of Baycourt's current Meetings, Incentives, Conferences and Exhibitions ("MICE") business is Council-related, and that it is likely that a reasonable amount of this business (eg: community meetings and citizenship ceremonies) could transfer to the Te Manawataki o Te Papa civic or exhibition spaces.

This provides an increased opportunity in the redeveloped Baycourt venues for a higher number and proportion of mainly commercially-focussed business events.

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4 REFURBISHMENT / DEVELOPMENT PLAN

The refurbishment / redevelopment plan includes upgrading and slightly improving sightlines from 50 seats in the two side galleries of the Addison Theatre. The total theatre capacity is assumed to be 587 seats. The theatre will still have some limitations in relation to sightlines from some of the side gallery seats.

The Black Box is proposed to be a 14m x 14m Studio.

The current X Space has a 15m x 20m flat floor with a capacity of up to 200 people theatre style, 62 people boardroom style, 140 people banquet style or 250 people cocktail style.

The primary purpose of the Black Box Studio will continue to be community use for theatre and music performances, along with some small commercial music and comedy performances.

The smaller (and more affordable to hire) Black Box Studio will play an important role in community artistic development, enabling community and emerging artists to present smaller productions and develop their audience. Over time, successful artists may grow their audience enough to present in the larger Addison Theatre. The Black Box Studio will be well-suited to host meetings, seminars, education and functions.

The Black Box Studio will also have the ability to replicate the 14m x 11m mainstage acting area in the Addison Theatre, which will allow rehearsals to take place in the venue without monopolising the higher cost main performance space.

For the purpose of our projections, we have assumed a fit for purpose Black Box Studio which is superior to the existing X Space in terms of functionality, and at least the same size as the X Space.

We have assumed that the design / positioning of the Black Box Studio will increase Baycourt's capacity to host events by allowing the Addison Theatre and Black Box Studio to be used concurrently for separate events.

Community arts groups are assumed to be given priority for use of the Black Box Studio and commercial groups priority for use of the Addison Theatre. However, given the current low utilisation level of the X Space at present, a new Black Box Studio is likely to have reasonably significant availability for the likes of commercially-focussed business events as well as arts events.

Moving some or most community arts events to the Black Box will free up event days in the Addison Theatre allowing it to host additional commercial events and improve revenue and profitability of the overall venue.

In the Year Ended June 2023, there were 21 events with under 200 attendees held in the Addison Theatre. There will be some of these events which were suited to being performed in the proscenium arch theatre, however indicatively at least half of these events could be transferred to a properly designed and configured Black Box Studio.

This is likely to improve Baycourt's ability to fulfil its theatre objectives but will not have a significant impact on cashflow. The updated venue hire charge for community performances the X Space is $500, by comparison with $1,341 in the Addison Theatre.

The Black Box Studio will also be desirable for some smaller commercial arts and entertainment events which do not tour with large casts or sets, such as comedy.

Further increases in utilisation will be possible in years 2-5 as the community comes to understand what is possible in the venue and product development activity meets the capabilities of the venue.

5 EVENT ACTIVITY PROJECTIONS

We have undertaken an analysis to demonstrate the impact of the planned redevelopment by comparison with the Status Quo scenario.

Any detrimental impacts arising from the trading up period of the re-opened Sir Howard Morrison Centre, the opening of the Waikato Regional Theatre, or the opening of Te Manawataki o Te Papa, would be expected to impact upon the Status Quo and the development scenario proportionately.

5.1 STATUS QUO (537 SEATS)

Our Status Quo projections are based on our analysis of the actual event activity and financial performance data supplied to us by Baycourt for the Year Ended June 2023.

Baycourt management has advised that 2023 has been one of its busiest years in terms of venue utilisation as a result of promoters and community groups returning to 'Business as Usual' post-Covid. We have therefore not allowed for future annual event growth from this strong base under the Status Quo scenario.

Our Status Quo projections do however assume an increased number of Meetings, Workshops, Presentations, etc, based on advice from Baycourt management that this business is still in the recovery phase.

Table 5.1 summarises our event projections under the Status Quo scenario for the Addison Theatre, X Space and the two venues combined.

Table 5.1: Status Quo Event Projections (537 Seats)

Status Quo	Addison Theatre					X Space / Black Box					Total				
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5
Theatre - Community	4	4	4	4	4	2	2	2	2	2	6	6	6	6	6
Dance - Community	12	12	12	12	12	-	-	-	-	-	12	12	12	12	12
Festivals - Community	4	4	4	4	4	3	3	3	3	3	7	7	7	7	7
Music - Community	7	7	7	7	7	4	4	4	4	4	11	11	11	11	11
Other - Community	8	8	8	8	8	-	-	-	-	-	8	8	8	8	8
Theatre - Commercial	2	2	2	2	2	-	-	-	-	-	2	2	2	2	2
Dance - Commercial	5	5	5	5	5	-	-	-	-	-	5	5	5	5	5
Music - Commercial	16	16	16	16	16	3	3	3	3	3	19	19	19	19	19
Comedy - Commercial	5	5	5	5	5	2	2	2	2	2	7	7	7	7	7
Other - Commercial	2	2	2	2	2	1	1	1	1	1	3	3	3	3	3
Meetings, Workshops, Presentations	15	16	17	18	19	15	16	17	18	19	30	32	34	36	38
Cocktails / Dinners	-	-	-	-	-	15	15	15	15	15	15	15	15	15	15
Exhibitions / Other Unticketed	8	8	8	8	8	10	10	10	10	10	18	18	18	18	18
Total Events	**88**	**89**	**90**	**91**	**92**	**55**	**56**	**57**	**58**	**59**	**143**	**145**	**147**	**149**	**151**

(Source: Horwath HTL)

5.2 BLACK BOX STUDIO

The creation of a purpose-built Black Box Studio theatre and an increase in the size and functionality of the bar are assumed to have the single greatest future impact on event activity and revenue generation at Baycourt.

The Addison Theatre is currently the most highly utilised venue space. There were 17 'unique' events held in the X Space by comparison with 117 in the Addison Theatre.

The Black Box Studio is projected to host more events than the current X Space because the Black Box Studio will be:

- able to hold some events currently hosted in the Addison Theatre
- able to be used concurrently with the Addison Theatre for separate events
- more cost effective to hire due to a reduction in labour cost to transform the venue (as a result of improved design / mechanisation).

5.3 INCREMENTAL EVENT ACTIVITY

Table 5.2 summarises the incremental impact of the new Black Box Studio Theatre event on our activity projections relative to the Status Quo projections.

Table 5.2: Redevelopment Scenario – a Incremental Event Projections

	Addison Theatre					X Space / Black Box					Total				
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5
Theatre - Community	-	1	-	1	-	1	-	1	-	1	3	4	6	8	10	2	3	5	7	9
Dance - Community	-	1	-	1	-	1	-	1	-	1	2	3	4	5	6	1	2	3	4	5
Festivals - Community		-		-		-		-		-	-	-	-	-	-	-	-	-	-	-
Music - Community	-	1	-	1	-	1	-	1	-	1	2	3	4	5	6	1	2	3	4	5
Other - Community	-	1	-	1	-	1	-	1	-	1	1	2	3	4	5	-	1	2	3	4
Theatre - Commercial		3		5		7		8		9	-	-	-	-	-	3	5	7	8	9
Dance - Commercial		2		4		6		7		8	-	-	-	-	-	2	4	6	7	8
Music - Commercial		-		-		-		-		-	-	-	-	-	-	-	-	-	-	-
Comedy - Commercial	-	3	-	3	-	3	-	3	-	3	4	5	6	7	8	1	2	3	4	5
Other - Commercial		-		-		-		-		-	-	-	-	-	-	-	-	-	-	-
Meetings, Workshops, Presentations		2		4		6		8		10	20	24	28	32	36	22	28	34	40	46
Cocktails / Dinners		-		-		-		-		-	15	18	21	24	27	15	18	21	24	27
Exhibitions / Other Unticketed		-		-		-		-		-	10	12	14	16	18	10	12	14	16	18
Total Events		**-**		**6**		**12**		**16**		**20**	**57**	**71**	**86**	**101**	**116**	**57**	**77**	**98**	**117**	**136**

(Source: Horwath HTL)

The reductions in event count in the Addison Theatre for events such as Community Theatre relate to an assumed transferring of some of this activity from the Addison Theatre to the new Black Box Studio.

The increases in commercial ticketed event numbers in the Addison Theatre are assumed to take the place of the transferred community events.

The increases in event numbers in the Black Box incorporate the transferred events and new events to Baycourt.

A new fit-for-purpose Black Box is assumed to be particularly attractive for smaller community theatre, and commercial comedy events.

In addition, both the Black Box Studio and the new foyer atrium space will be suited to hosting business events such as meetings, workshops, presentations, cocktail functions, dinners, exhibitions, etc.

Overall, we have projected an additional 57 events held at the Baycourt venues in Year 1, increasing to 136 events in Year 5, as a result of the new Black Box Studio and new Foyer. By Year 5, 67% of the incremental event activity relates to business events.

The overall seating capacity of the Addison Theatre does not change materially. We have therefore not assumed that any new performance events will be attracted to the venue as a result of the increase in fixed seating positions.

We have also maintained the same average numbers of attendees for each event type as in the Status Quo scenario.

6 FINANCIAL PROJECTIONS

We have modelled the incremental operating revenue and cost implications of both the Status Quo and the Redevelopment scenario.

6.1 STATUS QUO SCENARIO

The Status Quo projections include the following changes from the historical actual data to provide a more accurate baseline for future performance:

- applied the recently adopted 2023/24 User fees and charges
- increased the Sales and Marketing overhead to the budgeted $100,000
- increased the Security overhead to $15,000.

Table 6.1: Status Quo Scenario by Comparison with Estimated Actual (2023)

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue					
Venue Rental	$459,468	$501,679	$520,806	$540,628	$561,171
Food & Beverage	$314,218	$325,777	$336,926	$348,396	$360,309
Technical Equipment	$101,600	$105,951	$109,881	$114,014	$118,229
Ticketing Rebate	$54,842	$56,685	$58,385	$60,137	$61,941
Other	$79,000	$81,370	$83,811	$86,325	$88,915
Total Revenue	**$1,009,127**	**$1,071,463**	**$1,109,809**	**$1,149,501**	**$1,190,565**
Less Variable Operating Costs					
Event Services Labour	$150,945	$160,130	$165,823	$171,695	$177,790
Food & Beverage	$182,247	$188,951	$195,416	$202,068	$208,978
Technical Equipment	$24,000	$74,166	$76,917	$79,810	$82,760
Other	$6,000	$6,202	$6,388	$6,579	$6,777
Total Variable Operating Costs	**$363,192**	**$429,448**	**$444,544**	**$460,153**	**$476,305**
Departmental Profit (Loss)	**$645,935**	**$642,014**	**$665,265**	**$689,348**	**$714,260**
Less Fixed Operating Costs					
Salaries	$906,000	$933,180	$961,175	$990,011	$1,019,711
Administration and General	$241,000	$248,230	$255,677	$263,347	$271,248
Sales and Marketing	$100,000	$103,000	$106,090	$109,273	$112,551
Cleaning	$77,000	$79,310	$81,689	$84,140	$86,664
Utilities	$69,000	$71,070	$73,202	$75,398	$77,660
Security	$15,000	$15,450	$15,914	$16,391	$16,883
Repairs and Maintenance	$101,000	$104,030	$107,151	$110,365	$113,676
Insurance	$0	$0	$0	$0	$0
Rates	$11,000	$11,330	$11,670	$12,020	$12,381
Total Fixed Operating Costs	**$1,520,000**	**$1,565,600**	**$1,612,568**	**$1,660,945**	**$1,710,773**
Net Operating Cost (EBITDA)	**-$874,065**	**-$923,586**	**-$947,303**	**-$971,597**	**-$996,513**

These financial projections have been prepared by Horwath HTL Ltd based on estimates and assumptions which are inherently subject to uncertainty and variation depending upon certain evolving events. Accordingly, we do not present the projections as results which actually will be achieved. Actual results achieved may vary from the projections and the variation may be material.

(Baycourt, Horwath HTL)

The projected increases in event days and attendee days drive an increase in venue rental, technical equipment and ticketing rebate revenues which is based on the 2023 estimated actual average spends by event type, inflated over the five years.

The variable staff and technical costs are assumed to increase in proportion to the 2023 estimated actual ratios. We have modelled Food and Beverage revenues separately. Note that the Net Operating Cost (EBITDA) excludes Depreciation and any allocation of Council Overhead.

6.2 Food and Beverage Operations

The increase in the size and accessibility of the bar are assumed to have the single greatest impact on revenue generation at Baycourt.

We have assumed that under the redevelopment scenario, Food and Beverage revenue and profit will be higher due to an increase in foyer and bar space permitting more pre-packaged food and beverages (alcoholic and non-alcoholic) to be sold.

We estimate that the current penetration rates for Food & Beverage purchases at the bar range from 10–20% for community events and 20-30% for commercial events.

We estimate that the average spending of those that make a purchase at the bar ranges from $11–14 (excluding GST) for community events and $13-17 for commercial events.

Under the redevelopment scenario we have assumed that the penetration rates for ticketed events increase but no change to the average spend per person.

6.3 Redevelopment – Incremental Net Operating Cashflow

Table 6.2 shows the incremental revenues, operating costs, overhead costs and Net Operating Profit from Operations compared to the Status Quo scenario, assuming the Option 1 reconfiguration is undertaken. The key assumptions include the following:

Operating revenue:

- We have assumed a reasonable increase in the number of business events and therefore revenue from the likes of meetings, functions, cocktails, exhibitions and other such events to be hosted in the new Black Box and foyer areas
- We have increased the assumed food and beverage revenue for functions and cocktails events in particular

Operating and overhead expenses:

- We have allowed for a higher ratio of F&B operating costs associated with the incremental F&B revenue to a level we consider to be more ‘normal’ for an enhanced F&B operation, by comparison with the underlying ‘Status Quo’ assumptions

- We have assumed that the net contribution arising from the incremental F&B activity and revenue rises during the projection period (compared to no improvement in margin in the 'Status Quo')
- We have assumed further increases in several overhead cost categories: including in Salaries / Admin and General, Sales & Marketing, Cleaning and Utilities expenses, mainly driven by promoting and managing the higher level of business events.

Table 6.2: Incremental Operating Projections – Redevelopment scenario

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue					
Venue Rental	$63,234	$102,386	$144,879	$179,904	$216,899
Food & Beverage	$718,721	$820,537	$928,690	$1,050,744	$1,180,031
Technical Equipment	$35,058	$51,224	$69,106	$82,945	$97,497
Ticketing Rebate	$2,394	$4,354	$9,126	$12,532	$16,135
Other	$0	$0	$0	$0	$0
Total Revenue	**$819,407**	**$978,502**	**$1,151,801**	**$1,326,124**	**$1,510,562**
Less Variable Operating Costs					
Event Services Labour	$4,568	$7,624	$12,392	$16,912	$21,432
Food & Beverage	$592,245	$651,569	$709,627	$771,365	$830,873
Technical Equipment	$24,541	$35,857	$48,374	$58,061	$68,248
Other	$262	$476	$998	$1,371	$1,765
Total Variable Operating Costs	**$621,616**	**$695,526**	**$771,392**	**$847,709**	**$922,318**
Departmental Profit (Loss)	**$197,791**	**$282,976**	**$380,409**	**$478,415**	**$588,244**
Less Fixed Operating Costs					
Salaries	$0	$0	$0	$0	$0
Administration and General	$2,410	$4,965	$7,670	$10,534	$13,562
Sales and Marketing	$5,000	$5,150	$5,305	$4,371	$3,377
Cleaning	$1,540	$2,379	$3,268	$4,207	$4,333
Utilities	$1,380	$2,132	$2,928	$3,770	$3,883
Security	$0	$0	$0	$0	$0
Repairs and Maintenance	$0	$0	$0	$0	$0
Insurance	$0	$0	$0	$0	$0
Rates	$0	$0	$0	$0	$0
Total Fixed Operating Costs	**$10,330**	**$14,626**	**$19,170**	**$22,882**	**$25,155**
Net Operating Profit (EBITDA)	**$187,461**	**$268,350**	**$361,239**	**$455,533**	**$563,088**

These financial projections have been prepared by Horwath HTL Ltd based on estimates and assumptions which are inherently subject to uncertainty and variation depending upon certain evolving events. Accordingly, we do not present the projections as results which actually will be achieved. Actual results achieved may vary from the projections and the variation may be material.

(Source: Horwath HTL)

Under the Redevelopment the Net Operating Cost of Baycourt is projected to reduce by $187k (in Year 1), and by $563k (in Year 5) by comparison with the Status Quo scenario.

Note that the Net Operating Cost (EBITDA) excludes Depreciation and any allocation of Council Overhead, or Cost of Capital charge, which is dealt with in Section 7.

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6.4 FINANCIAL COMPARISON OF SCENARIOS

Table 6.3 shows a summary comparison of the Status Quo scenario and each of the three options in Year 5, which is assumed to represent a stabilised year of trading.

The incremental (Inc.) columns show the incremental difference from the previous scenario. The Combined columns (grey) show the impact of the cumulative incremental differences combined with the Status Quo.

Table 6.3: Comparison of Status Quo and Redevelopment Projections (Year 5)

	Status Quo	Redevelopment	
		Increment.	Combined
Event Activity			
Events	151	136	287
Event Days	213	157	370
Attendee Days	67,000	28,000	95,000
Revenue			
Venue Rental	561,000	217,000	778,000
Food & Beverage	360,000	1,180,000	1,540,000
Technical Equipment	118,000	97,000	216,000
Ticketing Rebate	62,000	16,000	78,000
Other	89,000	-	89,000
Operating Revenue	**1,191,000**	**1,511,000**	**2,701,000**
Less Variable Operating Costs			
Event Services Labour	178,000	21,000	199,000
Food & Beverage	209,000	831,000	1,040,000
Technical Equipment	83,000	68,000	151,000
Other	7,000	2,000	9,000
Total Variable Operating Costs	**476,000**	**922,000**	**1,399,000**
Departmental Profit (Loss)	**714,000**	**588,000**	**1,303,000**
Less Fixed Operating Costs			
Salaries	1,020,000	-	1,020,000
Administration and General	271,000	14,000	285,000
Sales and Marketing	113,000	3,000	116,000
Cleaning	87,000	4,000	91,000
Utilities	78,000	4,000	82,000
Security	17,000	-	17,000
Repairs and Maintenance	114,000	-	114,000
Insurance	-	-	-
Rates	12,000	-	12,000
Total Fixed Operating Costs	**1,711,000**	**25,000**	**1,736,000**
Net Operating Cost	**- 997,000**	**563,000**	**- 433,000**

(Source: Horwath HTL)

The largest incremental impact results from the replacement of the X Space with the Black Box. Total Venue Revenue (excluding F&B) is projected to increase by 39% in Year 5 by comparison with the Status Quo, mainly as a result of incremental business events activity which contributes 58% of the incremental venue revenue by Year 5

F&B revenue is projected to increase substantially by comparison with the Status Quo as a result of increasing the capacity of the Bar, and the additional assumed business events activity in the Black Box and foyer area.

The impact of the 50 extra seats in the Addison Theatre in Option 1 is negligible. The combined impact of the Redevelopment on the Net Operating Cost is a $560,000 reduction in Year 5 (43% of the Status Quo Net Operating Cost, or a reduction of 56%).

6.5 Operational Benefits of the Redevelopment

In summary, the non-financial benefits of the redevelopment are summarised below:

- a significant increase in flexibility of the overall venue as a result of new Black Box allowing concurrent events in new Black Box and Addison Theatre, including increased commercial events
- a significant increase in revenue generation from increased Bar capacity at all arts and entertainment events – community and commercial events
- expanded foyer capacity will likely have a significantly positive impact of overall patron experience of the venue and therefore overall feeling of 'value for money'
- the expanded foyer capacity will be a key factor in managing concurrent events in the new Black Box venue and Addsion Theatre, and in servicing needs of Business Events with a much greater degree of flexibility.

7 ESTIMATED CAPITAL COST (RLB) AND COST OF CAPITAL

High level estimates of the capital cost of the Redevelopment have been provided by RLB, dated 18 December 2023.

The preferred option is Option 1A (Black Box) in the current X Space. The total project cost, including all other front and back of house refurbishment and improvements, is $23.927 million.

This Business Case relates to the currently unfunded component of this total (either through existing Renewals reserves or approved new capital funding) is a balance of $6.645m.

We have applied a Cost of Capital charge, the basis of which has been agreed with the Council Finance team, which is estimated over the assumed average 50 year life of the assets created (a combination of buildings and fit-out). The Cost of Capital reflects allowances for:

- Council's cost of debt (assumed in this analysis to be 5.5% per annum over the term of the project)
- Depreciation of the asset averaged over 50 years to be 2.0% per annum over the term of the project)

Based on the unfunded component of the project, that represents an annual Cost of Capital charge of $498,375 per annum (ie: $6.645m x 7.5% per annum).

Table 7.1 summarises the Net Cost / (Profit) of the incremental revenue before and after the calculated Cost of Capital in Years 1-5.

Table 7.1: Cost of Capital Charge and Project Net Cost after Cost of Capital

	Year 1	Year 2	Year 3	Year 4	Year 5
Incremental Net Operating Profit	$187,461	$268,350	$361,239	$455,533	$563,088
Unfunded Capital Cost	$6,645,000	$6,645,000	$6,645,000	$6,645,000	$6,645,000
Cost of Capital rate	7.50%	7.50%	7.50%	7.50%	7.50%
Cost of Capital charge	$498,375	$498,375	$498,375	$498,375	$498,375
Net Cost after Cost of Capital	**-$310,914**	**-$230,025**	**-$137,136**	**-$42,842**	**$64,713**

These financial projections have been prepared by Horwath HTL Ltd based on estimates and assumptions which are inherently subject to uncertainty and variation depending upon certain evolving events. Accordingly, we do not present the projections as results which actually will be achieved. Actual results achieved may vary from the projections and the variation may be material.

(Source: Horwath HTL)

It is likely that cumulative Net Profits after Cost of Capital in Years 5-10 would offset the Net Costs in Years 1-4.

1.2 Event Venues Network Plan

File Number:	**A21210014**
Author:	**Gareth Wallis, Head of Community Hubs, Arts, Heritage & Events** **Ross Hudson, Head of Spaces & Places** **Ed Boydell, Principal Strategic Advisor**
Authoriser:	**Sarah Omundsen, General Manager: Regulatory and Community Services**

Presenter(s):	**External presenter(s):**
Gareth Wallis, Head of Community Hubs, Arts, Heritage & Events Ross Hudson, Head of Spaces and Places	Chad Hooker - BVL

Workshop information

Purpose of workshop

1. To discuss the Event Venues Network Plan (the "Plan") and its implementation for consideration in the 2027-2037 Long-term Plan (the "LTP").

Executive summary

2. The "current state" of event venue provision is uneven, constrained, and not keeping pace with growth and demand. Many venues require compromise, work arounds, and increased cost (time and money spent on temporary solutions) to deliver safe, quality events.

3. The Plan sets out a proposed approach to event venue provision, enabling a co-ordinated network of indoor and outdoor venues that can support a range of event types and sizes.

4. It supports the community outcome "*A vibrant city that embraces events"* and directly responds to the Tauranga Events Action and Investment Plan goal to "*Plan for and develop fit- for-purpose event venues and infrastructure"*.

5. The Plan identifies where intentional planning, quick wins, and infrastructure improvements could increase the number of socially and economically beneficial events, and the event goer and promoter experience, while still supporting the wider purpose and use of each venue, recognising that most event venues are multi-use spaces.

6. The recommended implementation approach for consideration in the LTP is grounded in financial realities. It recognises that the "ideal state" of event venue provision for a city of our size and potential is not affordable in the short- to medium-term. Instead, it focuses on achieving a "better state" with lower cost investment (than the "ideal state") that makes the most of what we have, and spreads the benefits across our wider network of event venues.

7. The recommended implementation approach is achievable within the current budget envelope. It provides direction and rationale for the retention or removal of 'big rock' projects, while also proposing investment in the wider network of event venues:

(1) Community stadium – see background paper (Attachment 3)
(2) Baycourt – see separate workshop paper
(3) Baypark Arena – event enabled three court (in conjunction with indoor court expansion)

8. Practical changes achieved over time will make venues easier, safer, and more cost-effective to use for events. It won't eliminate all issues, but it will slowly move us in the right direction, making it easier to hold most types of events in our city without the need to add new, large, expensive event infrastructure.

9. Initial direction on the recommended implementation approach will be formalised at the next available committee meeting and included in the draft LTP budget.

Background information

10. An event venue is a Council owned or Bay Venues Ltd owned/operated venue (indoor and outdoor) that is used for community and/or commercial events. Most event venues are multi-use spaces and used for a variety of activities.

11. The Plan sets out Council's approach to event venue provision. It is the first time that a dedicated plan has been developed to determine what is required for event venues and to provide a coordinated network approach to this, rather than case-by-case consideration.

12. The Plan supports the community outcome "*A vibrant city that embraces events"* and directly responds to the Tauranga Events Action and Investment Plan goal to "*Plan for and develop fit- for-purpose event venues and infrastructure"*.

13. The Plan identifies six principles that guide the approach and priorities:

- Affordability – understanding the realities of what is achievable, value-for-money.
- Making it easier to hold events – reducing unnecessary costs and staff time.
- Making the most of what we have – looking after what we have and making it work better for us.
- Health and safety and compliance – minimise risk.
- Collaboration – consider the wider network of venues and what we can achieve together.
- Multi-purpose and adaptable – planning for current and future needs.

14. Council has a key role in enabling events as most events occur on our spaces and places network. This is where we can make the most impact by improving these venues to make it easier to hold events.

15. Lower cost, small-scale improvements could be anything from power upgrades (to reduce the need for generators), to water access and more fit-for-purpose vehicle loading improvements.

16. Higher cost, large-scale improvements could be the expansion of an existing facility to provide additional capacity for events, or the addition of hardstand ticketing areas, lighting, and irrigation to improve larger events use of outdoor green spaces.

17. There are many benefits of having fit-for-purpose event venues. These include reducing degradation of parks and reserves, opportunities for more events to occur, and greater diversity of event offering, attracting new events and reducing staff time and cost retrofitting venues for event use.

Issues

Current state

18. A key challenge identified in the Tauranga Events Action and Investment Plan is that Tauranga lacks fit-for-purpose event venues that support the ability to grow across all sectors, including sports, performing arts, cultural events, and business events.

19. The quantity, scale and complexity of events is growing, presenting challenges for event facilitation, funding, and infrastructure. Review of the current network highlights gaps in provision for indoor event venues and premier outdoor event venues, and areas of the city lacking access to outdoor event venues. This uneven distribution can limit the number and type of events and disadvantage some communities. It can also impact our ability to attract events to Tauranga over other cities.

20. The city has many large outdoor event spaces however most of these spaces experience issues with conflicting needs of community sports and events. Most venues require compromise, adeptness, increased cost and innovative thinking to be suitable as a vehicle to deliver quality events.

21. The NPC Rugby games at Tauranga Domain are an example of where compromise and temporary solutions (at a cost) are required to make it happen safely. Tauranga doesn't have a purpose-built venue capable of hosting NPC rugby. Each season teams from across Council and Bay of Plenty Rugby Union work together to create a temporary stadium, game by game. It's not an ideal situation, but we work with what we have.

22. It is no small task either. Large temporary grandstand, marquees, screens, waste services, field preparation, traffic management, user group coordination, communication and displacement, coordination of project works with event pack in, temporary Wi-Fi, temporary food vendors, hospitality areas, caterers, bar areas, broadcast and so on. While it can feel like fitting a square peg into a round hole at times, BOPRU and staff consistently find practical solutions and make it work. Most people attending probably don't realise just how temporary much of the infrastructure is in a multi-use facility.

Better state

23. A new stadium is not the proposed investment approach in the short-, medium- or even long-term. It is probably unaffordable, with significant capital and operating costs, and its benefits are uncertain. It only delivers on two out of the six principles outlined in the Plan (make it easier and multi-use).

24. Instead, the 'better state' recommends spreading this investment across several venues, delivering benefits sooner over a greater area, rather than delaying improvements while waiting for a stadium and putting investment into one major facility. It delivers on all the principles outlined in the Plan.

25. Identified opportunities to achieve a better state (Option 2) follows:

Project / Programme	Description and rationale	Years 1-3	Years 4-10
Bay Oval – premier outdoor event venue	Important event venue regardless of operating model. Continue to evolve as an events venue. Phase 1: continue to secure and enhance cricket opportunities, recognises track record and significant economic and social benefits.	$0	$3-5m

Project / Programme	Description and rationale	Years 1-3	Years 4-10
	Phase 2: continue to evolve the event offering, recognises the popularity for events and the ability to continue to realise existing investment to enhance events capability and capacity. Builds on strong event promoter interest, supports Mount businesses, and creates a high-impact outdoor venue. Existing consent allows for one large-scale event of up to 30,000 people, two events of up to 20,000 people, and smaller Village Green events.		
Tauranga Domain – premier outdoor event venue	Tauranga Domain would remain as it is in the short-to medium-term, with support for current rugby use and lower cost targeted improvements that benefit all users. If cricket relocates in Year 5, this part of the Domain could become a dedicated event space with continued community sport use.	$0.5m	$2.5m
Baypark arena – events enabled 3 court	Install a concrete floor and vehicle loading access. Subject to business case demonstrating return on investment. This would better enable exhibitions, performances, conferences and functions, addressing existing capacity and fit-for-purpose gaps, and health and safety issues. Ideally prioritise timing to align with Arena court extension project.	$0 ($30m for Arena expansion considered separately)	$3m
General network improvements	A continuing programme of targeted projects would add essentials such as power, water and other event-ready infrastructure. A flexible programme would also allow investment to respond to specific needs and opportunities as they arise (e.g. community requests).	$0.5m	$0.5m

26. Assumptions informing this option are as follows:

- Tauranga Domain:
  - Current NPC games at Tauranga Domain will continue as we are unlikely to get anything more than this due to other more suitable venues in Hamilton and Rotorua. Options for greater efficiencies will be considered given the resources, cost, and time involved from the BOPRU and Council staff.

    - The athletics track will remain as there are no other viable options for relocation and the cost of this would be significant.
    - Cricket will relocate to Pōteriwhi to better enable their growth, with junior and community sport continuing but events becoming a higher priority.
- Blake Park: Community sport will continue to be a priority due to capacity constraints.

27. The better state won't solve all our problems, but it will gradually improve what we have got and make it easier to hold events. It is achievable within the current budget allocated for event venue improvements.

28. Baycourt is addressed through the separate workshop paper and presentation.

Ideal state

29. The ideal state for a city of our size, location and projected population, is a network of regional and citywide facilities as follows:

    - Stadium (often specific to something like rugby but have multi-purpose use)
    - Arena (indoor multi-purpose use)
    - Performing arts venue (community, and shows and performances)
    - Conference centre (dedicated facility designed to host professional meetings, corporate seminars, workshops, and educational gatherings)
    - Large exhibition space (e.g. for home shows, expo's, trade shows etc.)
    - Business event venues (e.g. networking, development opportunities)
    - Outdoor concert, cultural and community venues (small, medium and large)
    - Indoor venues (small, medium and large).

30. Baypark to an extent, fulfils the functions of a large exhibition space, arena, conference centre and business event venue although the ideal would be a city centre location with proximity to accommodation and hospitality venues. Other spaces like the Tauranga Art Gallery and Tauranga Museum development provide smaller scale, niche exhibition and gallery space.

31. Achieving this ideal state would require substantial investment and is not considered affordable or realistic within the current planning period. Delivery would need to occur progressively over the longer term and would depend on a mix of public and private investment, with Council's role considered alongside that of commercial operators, venue owners, funders, and other partners. The recommended approach therefore focuses on practical, lower-cost improvements that move the network towards a better state.

Outcomes sought

32. The workshop will provide Elected Members with an opportunity to give early feedback on the preferred approach to implementation of the Plan, as part of the LTP development.

33. The workshop seeks specific direction on:

    (i) the principles that guide the Plan's approach and priorities;

    (ii) the assumptions that inform the programme of improvements (Option 2); and

    (iii) the preferred option to implement the Plan in this LTP.

Options

34. The options set out how the Plan could be implemented through this LTP.

OPTION	Description
Option 1	**Current state** – Do nothing. No investment in making event venues easier to use and improving event venue capacity.
Option 2	**Better state** – Consideration for 2027-2037 LTP: • Bay Oval: $3m – $5m • Tauranga Domain: $3m • Baypark Arena – event enabled three court: $3m • General network improvements – $1m Consideration could be given to reallocating a small portion of the community stadium budget to assist with the above projects across Years 5-10 of the LTP. Refer Attachment 1 – identified investment opportunities.
Option 3	**Ideal state** – Retain community stadium budget. Undertake further business case work on options for this. Consider council's role in a conference centre for the city centre. Increase investment across all event venues to make more fit-for-purpose.

35. Options for Baycourt are considered in a separate workshop paper and presentation.

Next steps

36. Initial direction on the recommended implementation approach from elected members will be formalised at the next available committee meeting and included in the draft LTP budget.

37. The Plan will be reviewed every LTP to help inform investment decisions.

Attachments

1. **Identified opportunities - A21294684**
2. **Event Venues Network Plan summary - A21294690**
3. **Community stadium background and analysis - A21294918**

Event Venues – identified opportunities for investment in the 2027-2037 LTP

Project / Programme	Years 1-3	Years 4-10	Considerations	Status
Bay Oval – premier outdoor event venue		**$3-5m**	Projects for consideration in Phase 1 (cricket events) and also help to achieve Phase 2 benefits (non-cricket events e.g concerts): • Shade structures • Power upgrade • Flexible hardstand space • Replace fencing with fully removable system at Blake Park interface • Blake Park – additional carparking areas	Projects costed and prioritised.
Tauranga Domain – premier outdoor event venue	**$0.5m**	**$2.5m**	Projects for consideration in Phase 1 include: • Fibre connection points • Potable water taps • Power supply (and transformer upgrade) • Hardstand area • Widen access routes • Reinforced grass track • Irrigation system • Pedestrian lighting • Digital screen	Projects costed and prioritised. Deliver as Phase 1 until wider decisions on sports use are made.
Baypark arena – events enabled 3 court		**$3m**	Install a concrete floor and vehicle loading access.	Subject to business case demonstrating return on investment.
General network improvements	**$0.5m**	**$0.5m**	Programme aiming to provide gradual improvements to event venues across the city, making them easier and less costly to use. Projects include: • Soper Reserve – alterative location for dog club or shared use agreement, event infrastructure improvements to follow. • Coronation Park – water supply, lighting, irrigation, power capacity. • Hopukiore/Mt Drury – power and water supply (working with iwi) • Cargo Shed – additional power, exterior lighting, heating/cooling options • Northern waterfront park – surface protection for basketball court and workaround options for underground service placement. • Papamoa Pony Club site – power supply upgrade • Blake Park – berm parking options during events • Mount Main beach area – signage and safety improvements during events • Papamoa and Welcome Bay - options to increase available events space	Projects to be costed and prioritised year on year. Flexibility to respond to opportunities as they arise e.g requests for local community event improvements.

Attachment 2: Event Venues Network Plan overview

Scope

The Event Venues Network Plan (the "Plan") sets out Council's approach to event venue provision. It supports the community outcome "*A vibrant city that embraces events"* and directly responds to the Tauranga Events Action and Investment Plan goal to "*Plan for and develop fit- for-purpose event venues and infrastructure"*.

The Plan considers outdoor and indoor event venues owned by Council and Bay Venues. Most of these venues are multi-use spaces used for a variety of purposes (e.g. sport and recreation parks, indoor sports centres, performing arts centre etc).

It looks at use and constraints, and identifies where improvements could be made. This can be from small investment or quick wins (e.g. access to power and water), through to options for major facilities (e.g. Baycourt, Community Stadium, Baypark Arena expansion etc.). It also considers improvements to operational and regulatory settings.

The Plan draws on existing information and levels of service for outdoor event venues (captured in Council's draft Open Space Provision Policy, currently out for consultation). This includes provision standards for local, medium, large and premier outdoor event venues, seeking to ensure a good distribution of these spaces (and associated experiences) across the city.

The major indoor venues have been considered through Council planning, business cases, long-term plans, and community engagement over the past 15 or so years. Some of these venues were previously in the city centre programme and are included in this plan because of their critical role in providing fit-for-purpose, event-friendly venues, and strengthening Tauranga's ability to attract events that deliver significant benefits.

Purpose

A key challenge is that Tauranga lacks fit-for-purpose event venues that support the ability to grow across all sectors, including sports, performing arts, cultural events, and business events. The city has many large outdoor event spaces however, most of these spaces experience issues with conflicting needs of community sports and events. Most venues require compromise, adeptness, increased cost and innovative thinking to be suitable as a vehicle to deliver quality events. Current venue provision is uneven, constrained, and not keeping pace with growth and demand.

To continue to evolve our event offering, and to maximise the potential of existing venues, the Plan focuses on both operational actions and infrastructure investment to better enable events at Council and Bay Venues owned/operated indoor and outdoor venues. This reduces reliance on ad hoc solutions, temporary overlay, and compromise.

Low cost, small-scale improvements could be anything from power upgrades (to reduce the need for generators), to water access and more fit-for-purpose vehicle loading improvements.

Higher cost, larger-scale improvements could be the expansion of an existing facility to provide additional capacity and capability for events and exhibitions, or the addition of

hardstand ticketing areas, lighting, and irrigation to improve events use of outdoor green spaces.

The Plan also identifies gaps in provision that impact equitable access to outdoor event venues across the city.

Principles

Six key principles will help to guide smarter, more strategic investment:

1. Affordability – understanding the realities of what is achievable, value-for-money.
2. Making it easier to hold events – reducing unnecessary costs and staff time.
3. Making the most of what we have – looking after what we have and making it work better for us.
4. Health and safety and compliance – minimising risk.
5. Collaboration – consider the wider network of venues and what we can achieve together.
6. Multi-purpose and adaptable – planning for current and future needs.

Recommendations

This Plan will be implemented over time, subject to budget availability. Implementation timeframes are determined through Long-term Plan prioritisation and/or project timing if reliant on other projects, such as the development of new reserves in growth areas.

Principle	Type	Consideration	Recommendations
Affordability **Make the most of what we have** **Make it easier to hold events** **Health and safety compliance**	Outdoor event venues	Event friendly improvements	Improve event infrastructure and operational settings: - Historic Village - Soper Reserve - Memorial Park and Jordan Field - Wharepai Domain (underway) - Waterfront Reserve North (minor) - Coronation Park - Hopukiore (Mt Drury) - Arataki Park - Papamoa Pony Club - Blake Park (berm parking management) - Mount Main beach area
	Indoor event venues	Event friendly improvements	Improve event infrastructure and operational settings: - Historic Village - Cargo Shed

Principle	Type	Consideration	Recommendations
	Outdoor event venues	Community stadium future options	Stadium involves significant expenditure and ongoing operational costs. Option to elevate Bay Oval and Tauranga Domain as premier event venues. Repackage portion of stadium funding to deliver benefits now. Demand is there.
		Planning framework	Review of resource consent requirements for events at key city venues – Baypark, Tauranga Domain and Blake Park/Bay Oval to seek to enable more events to occur.
Make it easier to hold events	Outdoor event venues	Address distribution gaps	Provision of local and medium (and large in some cases) event venues in planning, development, and operational settings for the following community areas: - Pyes Pa/The Lakes (Merricks Farm) - Bethlehem/Bellevue (Pōteriwhi) - Open space in Te Tumu, Tauriko West and the Western Corridor - Arataki-Pāpāmoa - Welcome Bay
Affordability **Make the most of what we have** **Make it easier to hold events** **Health and safety compliance**	Indoor event venues	Baycourt future options	Options include do nothing, minor to major improvements, or replacement at existing site or new site.
		Baypark arena expansion	Three-court improvements to the loading dock and concrete floor. Improve capacity for exhibitions/commercial use.

Community stadium background, discussions to date and analysis

Executive Summary

1. The community stadium proposal has evolved over time and is the culmination of many years of investigation, option assessment, site selection, feasibility and business case work, community engagement, and Council decision-making. The most recent position is that a boutique, multi-use stadium combining sport, community, cultural, event, education and commercial functions, delivered in two main stages, remains the preferred approach for a future community stadium in Tauranga.
2. Tauranga Domain is the preferred site due to its central city location, accessibility, existing sporting character, and potential to support city -centre regeneration.
3. The 2024 Updated Preliminary Business Case identified Stage 1 at approximately $80.7 million and Stage 2 at approximately $157.0 million, for a total estimated project cost of $237.7 million.
4. Through the 2024-2034 Long-term Plan, Council endorsed a staged approach, with Stage 1 commencing in 2033/34 at a cost of $90m and an expectation that approximately half of the cost would be met from external funding sources. This increased cost from the business case estimate reflects the deferral of construction from 2029/30 to 2033/34. Stage 2 remains a future project with no confirmed delivery date.
5. $92 million in 2037 for Stage 1 of the community stadium is currently included in the draft 2027-2037 Long-term Plan budget.
6. Given the Council's current financial environment, staff do not currently recommend prioritising a community stadium within the current Long-term Plan. A distributed programme of improvements across Tauranga's wider event venue network, as identified in the Event Venues Network Plan, may benefit a broader range of users and communities sooner, at a much smaller cost.

Timeline of Key Decisions

Timeframe	Key decision
Initial investigations (2018)	Investigations into the feasibility of establishing a sub-regional stadium began in late 2018, although discussions about a potential stadium in Tauranga had been underway for at least 25 years. A 2018 report to Council identified the potential need for a stadium in Tauranga, and proposed Priority One as the coordinating agency for further feasibility work.
Feasibility study (2022)	Assessment confirmed that Tauranga needed a stadium, but not a large regional venue. Tauranga Domain ranked highest from a site selection process that assessed 18 potential locations and shortlisted nine.

Preliminary Business Case (May 2023)	Priority One led the original Preliminary Business Case, which assessed seven options and identified an uncovered boutique stadium with exhibition space as the preferred option.
Community consultation (2023)	Engagement showed mixed community views, with support reducing when rates funding was discussed. Key concerns included affordability, competing infrastructure priorities, traffic, parking, noise, and impacts on existing Domain users. People aged 25-54 were more likely to strongly support the stadium, while people aged 55+ were more likely to strongly oppose it.
August 2023	Council considered four options and chose a staged implementation model, directing staff to refine the concept for the 2024-2034 Long-term Plan.
Updated Business Case (2024)	Tauranga City Council assumed leadership of the project and commissioned an updated business case focusing on a staged approach from a new consultant team led by Jasmax, Populous, Deloitte, and Visitor Solutions. Stage 1 was estimated to cost $80.7 million.
2024-2034 LTP	Council endorsed the staged approach, with Stage 1 planned around 2033/34 at approximately $90 million, with the expectation that roughly half would come from external funding. This increase in cost from the business case reflects the deferral of construction from 2029/30 to 2033/34.
2027-2037 LTP process	$92 million is currently included in 2037 of the current draft Long-term Plan budget.

2024 Business Case Summary

7. Following Council decisions in August 2023, Tauranga City Council assumed leadership of the project from Priority One and commissioned a new consultant team led by Jasmax, Populous, Deloitte, and Visitor Solutions. The preferred concept was redesigned into a staged, more affordable delivery programme, and an updated business case was developed. Key changes from the original business case included:

    - Splitting development into Stage 1 and Stage 2:
        - **Stage 1** would deliver a 5,000-seat boutique stadium, expandable to around 7,000 spectators, community spaces, a café, lighting upgrades, a hybrid turf and dedicated University of Waikato facilities.
        - **Stage 2** would add the exhibition centre, function centre, community multisport hub, additional seating, and other supporting facilities.
    - Improving affordability while retaining the long-term vision
    - Estimated capital cost of $237.7 million, comprising Stage 1 at $80.7 million and Stage 2 at $157.0 million, including escalation allowances, professional fees and contingencies.

The facility is unlikely to fully cover debt servicing, depreciation and future renewals, and will likely require ongoing public sector support over time.

8. It concluded there is a strong strategic case for developing a multi-use community stadium in Tauranga, provided it is delivered as a staged, community-focused facility, rather than a traditional standalone stadium.

    - **Infrastructure gap:** Tauranga lacks a fit-for-purpose stadium for rectangular field sports such as rugby, league and football.
    - **Population growth and quality of life:** Growth across Tauranga and the Western Bay of Plenty is increasing demand for sport, entertainment, cultural, and event experiences.
    - **CBD development and open-space optimisation:** Tauranga Domain is part of the future Sports and Events Precinct and can support wider city centre regeneration.
    - **Avoiding unused stadium infrastructure:** The preferred concept integrates community, education, event, food and beverage, and cultural uses to support year-round activation.

Community Stadium opportunities and challenges analysis

9. The 2024 business case identified a long-term strategic case for a staged, multi-use community stadium. The proposal would address an identified gap in Tauranga's sporting infrastructure and could support community, cultural, education and commercial activity, as well as wider city-centre regeneration.

10. However, given the Council's current financial context, the key question for the current Long-term Plan (LTP) is whether a community stadium should be prioritised ahead of other investment needs. Staff have therefore assessed the proposal against affordability, deliverability, funding certainty, ongoing operating costs, opportunity cost, and the timing and breadth of expected benefits.

11. Council direction is therefore sought on whether the community stadium should remain in the current draft LTP budget.

Recommendation

12. At this point in time, a new stadium is not recommended as a preferred investment approach within the current LTP period.

13. Instead, staff recommend that a distributed programme of improvements across Tauranga's wider event venue network may benefit a broader range of users and communities sooner, as outlined in the draft Event Venues Network Plan (EVNP). This programme would provide earlier, broader, and lower-risk benefits by improving the capacity, resilience and functionality of existing venues. It is also more closely aligned with the LTP principles of "look after what we've got" and "value-for-money". This alternative option will be explored further in this workshop and accompanying materials.

14. It is important to note that this recommendation does not rule out development of a community stadium in the future. Improving existing infrastructure at Tauranga Domain would retain the flexibility to revisit the stadium proposal in the future.

Option Analysis

Opportunities	Challenges
• **Addresses a recognised infrastructure gap:** Tauranga does not currently have a permanent, fit-for-purpose stadium for rectangular field sports such as rugby, league and football. A purpose-built venue would improve the experience for participants, spectators, broadcasters and event operators. • **Provides a multi-use community facility:** The 2024 business case concluded that there is a strong strategic case for a stadium if it is delivered as a staged, community-focused facility rather than a traditional standalone stadium. The proposed concept integrates sporting, community, cultural, education, event, food and beverage, and commercial uses. • **Supports sporting and event activity:** A permanent facility could enable Tauranga to host selected sporting and community events in one location and may increase opportunities to attract National Provincial Championship (NPC) rugby and other suitable events • **Allows for staged development:** Stage 1 would establish a 5,000-seat boutique stadium, expandable to approximately 7,000 spectators. The staged approach would allow additional facilities and capacity to be added through Stage 2 if future demand and funding justify further investment.	• **Affordability and deliverability:** The current draft LTP budget includes $92 million in 2037 for Stage 1, with an expectation that about half would be externally funded. Delivery within the current planned LTP is unlikely without displacement of other priorities or additional debt and rates pressure. • **External funding is uncertain:** The proposed funding approach relies on significant external contributions that have not been confirmed. This creates uncertainty about whether Stage 1 could proceed within the planned timeframe and whether Council would ultimately need to fund a greater share of the project. • **The current budgeted concept is not a full-service stadium:** Stage 1 is a 5,000-seat boutique venue, expandable to about 7,000, with community spaces, café, lighting, hybrid turf and university facilities. Exhibition, function, multisport and additional seating components are part of Stage 2 with no confirmed delivery date or funding. • **Ongoing subsidy and risk:** The business case indicates the facility is unlikely to cover debt servicing, depreciation and renewals and would require continuing public support. • **Tauranga Domain can continue hosting NPC rugby without a stadium:** The Domain already hosts NPC matches using temporary seating and infrastructure. The EVNP estimates that broadcast-standard lighting could increase NPC hosting from the current 3-4 games annually to 5-7, while retaining temporary seating. • **Lower-cost investment could unlock existing capacity:** Substantially greater sport and event capacity can be unlocked without committing to a new stadium. The EVNP estimates a much smaller investment at Tauranga Domain alone could deliver a

	range of improvements, while retaining the flexibility to develop a stadium in future. With planning constraints addressed, the Domain could accommodate up to six major events annually. • **Opportunity cost:** Prioritising a stadium would limit Council's ability to invest in other venues and event infrastructure needs. A distributed programme of improvements across the event-venue network may benefit a broader range of users and communities sooner.