

9.3 HUMAN SERVICES

9.3.1 Whitehorse Centre

FILE NUMBER: 15/180178
ATTACHMENTS

SUMMARY

The Whitehorse Centre Business Case outlines the research, consultation and findings from the market analysis, business planning and concept designs for the proposed development of the Whitehorse Centre. This report recommends releasing the Whitehorse Centre Business Case to the public and ensure the community has a reasonable period of time to review the Whitehorse Business Case (550+ pages) to enable an informed community response. Based upon its release the Report recommends contracting JWS Research to consult with the community between late February and May 2016 to research the community response on the following options:

- a) A redevelopment of the Whitehorse Centre based upon the Whitehorse Centre Business Case*
- b) Undertake essential works (approx. an indexed \$7m+) to the existing Centre to continue its operation for another 8 -10 years before a potential closure of the Centre*
- c) Closure of the existing Centre within the next 2 years*

COUNCIL RESOLUTION

Moved by Cr Munroe, Seconded Cr Stennett

That Council:

- 1. Make publicly available the Whitehorse Centre Business Case.***
- 2. Release the quarantined funds allocated in the 2015/16 budget for Whitehorse Centre project works. Appoint JWS Research to undertake a research project to consult with the community between late February and May 2016 on the following three options:***
 - a) A redevelopment of the Whitehorse Centre based upon the Whitehorse Centre Business Case;***
 - b) Undertake essential works to the existing centre (approx. \$7m+) to continue its operation for another 8-10 years before a potential closure of the centre;***
 - c) Closure of the existing centre within the next 2 years.***
- 3. The research will assess specifically the following:***
 - Awareness, attendance and community support of the current centre***
 - Perceived values and benefits of a new performing arts centre***
 - Questions, concerns and hesitations to a new performing arts centre***
 - Level of support for a new performing arts centre and reasons for this***
 - Profile of the most receptive to and opposed to the development***
 - Information needs and expectations of the community to the new centre***
 - Community response in support or opposition to the closure of the centre***
- 4. Receive the JWS Research Report on the findings of the consultation in mid-2016 for Council consideration.***

CARRIED UNANIMOUSLY

9.3.1 (cont)

BACKGROUND

The Whitehorse Centre, located on the Nunawading Civic Precinct, is Council's performing arts facility. This Centre provides a range for performing arts opportunities and professional event services to the Whitehorse community and beyond. A feature of the Centre is its capacity to host Council's major festival events. Within the natural amphitheatre of the precinct the Centres' soundshell provides an ideal setting for a capacity audience to come together and celebrate important civic events.

COUNCIL'S INVESTMENT IN ARTS & CULTURE

The Whitehorse Centre is an important cultural facility for the municipality. Arts and cultural activities make a key contribution to a community's quality of life as well as being a contributor to the economy. Nearly all Australians experience at least one form of art and half of all Australians annually participate in art creation activities. New analysis using the internationally recognised wellbeing valuation approach is one way of calculating the value of intangibles related to the arts. It suggests that people who engage with the arts have higher life satisfaction. This is a significant finding given the level of engagement by Australians with the arts. Of every 100 Australians, 78 tickets are sold to performing arts events per annum.¹

Most Australians agree that the arts enrich their lives and make them more meaningful. They participate in the arts for personal enjoyment, engagement with friends or family, self-expression, relaxation, skills development and income. Most Australians also believe that the arts have a large impact on how we express ourselves; they enable us to think creatively and develop new ideas, and help us deal with stress, anxiety or depression. The proportion of Australians who agree that the arts make for a more rich and meaningful life has increased from:

- 71% in 1999 to
- 80% in 2009, to
- 85% in 2013.²

At both the Federal and State level, the predominant focus on support for arts and culture is often considered to be through provision of grants to artists and major public arts companies and/or institutions. There is little funding available at both the Federal and State level to support capital and recurrent funding opportunities for Local Government. The services offered by Council in support of arts and culture stems from its direct connection to its local community, planning and programing to meet local demand and the provision of key community infrastructure.³

In 2014 Council endorsed its Arts and Cultural Vision for the City of Whitehorse:

We aspire to be a creative community that is vibrant, diverse and engaged through our arts, culture and heritage⁴

¹ Arts Nation – An Overview of Australian Arts, Australia Council 2015

² Arts Nation – An Overview of Australian Arts, Australia Council 2015

³ Whitehorse City Council Arts & Cultural Strategy 2014-2022

⁴ Whitehorse City Council Arts & Cultural Strategy 2014-2022

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The City of Whitehorse offers diverse arts and cultural programs that are highly valued within the community. In 2010, Council commissioned consultants who undertook an independent telephone survey of 500 random Whitehorse residents who were asked their participation in arts and cultural activities in the twelve months preceding the survey:

- 76% of Whitehorse people had attended or participated in arts, cultural or heritage activity (72% men, 79% women)
- 19% did so inside of Whitehorse only
- 47% did so outside of Whitehorse only, and
- 34% had attended or participated both within and outside of Whitehorse.⁵

There have been recent reports, external of Council, that states only 2% of Whitehorse residents attend the Whitehorse Centre. This statistic is incorrect. It is understood this 2% statistic has been drawn from the SGL Feasibility Report (see research history below) by combining results from two separate surveys together. The most appropriate statistic from the 2010 SGL Report to respond to this claim can be drawn from the 500 Whitehorse residents randomly selected and independent of Council who were asked "Have you attended or participated in an event at a number of facilities within Whitehorse, including the Whitehorse Centre". The report identifies:

- 25% of these 500 random selected residents surveyed had participated or attended activities at the Whitehorse Centre⁶.

More recent usage data for the Whitehorse Centre identifies:

- In 2014 - 77% of all Centre bookings are from City of Whitehorse clients – this includes clients who either:
 - have a Whitehorse postcode
 - fulfil the discount support requirements under Council's grants program
 - includes the resident ballet school
- In 2014 - 51% of tickets were issued to Whitehorse residents – approx. 31,000 tickets. This is a combination of tickets sold directly to Whitehorse residents or issued to Whitehorse clients who have the tickets on-sold.
- From 2010-2014 the average theatre audience occupancy at the centre is 82%

The Whitehorse Centre is an artistic hub for many local performing arts groups. Many participate with this community Centre as a performer, musician, crew member, patron, ballet student or an attendee to one of the many meetings and functions held within the Centre. Whitehorse residents also attend the precinct as festival performers and attendees. For seventeen years Council has also provided a professional theatre and music variety program at the Whitehorse Centre. The professional season offers the opportunity for local residents to experience some of the country's best touring performing arts as well as bringing people from further afield into the municipality. The Centre also offers a Midweek Matinee Program aimed at providing a service and social connection opportunity for an older audience.

RESEARCH HISTORY

August 2010: Council contracted consultants, the SGL Group and Outside the Square Consulting to conduct the Whitehorse Arts & Cultural Strategy and the Whitehorse Centre Feasibility Study. The purpose of the feasibility study was to undertake a study of the Whitehorse Centre to identify the future need requirements and development opportunities.

⁵ Whitehorse City Council Arts & Cultural Strategy 2014-2022

⁶ The Draft Whitehorse Centre Feasibility Study 2011

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The consultation undertaken by SGL Group and Outside the Square Consulting included: - 500 person, randomly selected and independent of Council telephone survey- 200 Whitehorse Centre User Surveys- 22 Arts & Cultural Group Surveys

- 18 Focus Group sessions
- 11 Stakeholder interviews
- Demographic review / Operation review of the Centre / Facility bench marking

In 2011 the SGL Feasibility Study identified some of the following outcomes⁷:

- The Whitehorse Centre is a highly valued community asset and is integral to the provision of performing arts within the City of Whitehorse.
- The architectural review of the precinct and the Centre identified that the precinct lacks a sense of identity for the municipality's performing arts centrepiece.
- The structural review of the facility confirmed that the building is generally of sound structural condition. The extensive market research and consultation however identified that the facility is functionally and design-wise out-dated and 'tired'. It is in need of redevelopment and expansion to meet the ongoing demands of a municipal performance and function venue.
- The facility at 28 years is reaching its optimum lifecycle capacity in terms of both its efficiency and effectiveness and current benchmarks for facilities of this type. The functionality of a number of key areas within the facility is poor, impacting on the programming opportunities, visitor experience and ongoing sustainability of the Centre.
- Based on market testing the functional spaces required for a redeveloped Centre include:
 1. Main Theatre – seating capacity of 580-600 seats & increased stage size
 2. Studio Area – 3 to 4 rehearsal/presentation spaces
 3. Function Room - capacity of 470-600 persons and divisible into 3 spaces
 4. Soundshell -integrated into the Centre enabling an effective and efficient festival site
 5. Foyer space – size critical to the success of venue
- Given the significant refurbishment required there may be the "tipping point" between refurbishment and total rebuild of a purpose built performing arts and functions facility to meet the needs of the Whitehorse community for the next thirty years and beyond.⁸

18 July 2011:

At the Ordinary Council Meeting, the Draft Whitehorse Centre Feasibility Study Progress Report was presented to Council. The resolution was: **(Attachment 4a)**

That Council:

1. **Note and commend the work to date on the draft Whitehorse Feasibility Study**
2. **Defer endorsement and approval to proceed to the next stage until:**
 - a) **Council undertakes a further study on the feasibility study of a regional facility as per the details in the report under "Regional Facility Study and Indicative Costing", subject to seeking, with RDA Melbourne East support, federal funding of \$162,000 to undertake the further study**
 - b) **Eastern Region Councils and Regional Development Australia Melbourne East have been consulted seeking their interest on a joint cooperative venture for a Regional Performing Arts Facility and Convention Centre in the City of Whitehorse, based on a regional approach**
3. **Further seek opportunities for joint Local Government, Federal RDA, and State Government funding for building the facility and operating/maintaining**
4. **Establish a Council steering group for this project comprising Crs Daw and Pemberton and relevant Council officers**

⁷ The Draft Whitehorse Centre Feasibility Study 2011

⁸ The Draft Whitehorse Centre Feasibility Study 2011

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29 September 2011:

A letter from the Mayor was issued to Eastern Region Councils seeking their in-principle support to request federal funding. Two of nine Councils supported this funding proposal. **(Attachment 4b)**

November 2011:

The Melbourne East Regional Development Association released the report. "An audit and market assessment of arts, cultural and meeting venues in eastern Melbourne". The report recommends "that the preferred location for a large scale (particularly events and functions) facility in Melbourne's east is the Yarra Valley". **(Attachment 4c)**

19 March 2012:

At the Ordinary Council Meeting, the Whitehorse Centre Feasibility Study Progress Report was presented to Council. The resolution was: **(Attachment 4d)**

That Council:

1. ***Note the Draft Whitehorse Centre Study Progress Report presented to Council in July 2011.***
2. ***Defer considering endorsing the Whitehorse Centre facility components as outlined in the July report until a meeting of the Councillor Lane (Mayor), Councillors Daw and Pemberton, Whitehorse Chief Executive Officer and relevant staff be convened to determine how a staged approach to developing and constructing an expanded Whitehorse Centre could be implemented.***
3. ***That this matter comes up for discussion at the next Council meeting (16 April 2012).***

16 April 2012:

At the Ordinary Council Meeting, the Whitehorse Centre Feasibility Study Report was presented to Council. The resolution was: **(Attachment 4e)**

That Council:

1. ***Note the outcomes of the meeting held on the 28 March 2012 comprising the Mayor Cr. Lane, Cr. Daw, Cr. Pemberton, CEO and relevant staff, as per the Council resolution on the 19 March 2012, to discuss the Whitehorse Centre facility redevelopment options and;***
 - a) ***Approve the SGL Whitehorse Centre Feasibility Study report and allocate a sum of \$150,000 to the 2012/13 Budget to further develop a concept plan for the Whitehorse Centre and in addition;***
 - b) ***Develop a Business Case for an expanded Whitehorse Centre Performing Arts/Function Centre at the Civic Precinct to determine the needs and financial costs of a theatre (of around 600 seats with the capability of future expansion, if required) that may be additional to the existing theatre, and expanded convention capability. The brief for the business case to include (but not be limited to) the matters below and as further detailed in the specification for the brief:***
 - ***Number, size and type of performing/audience spaces***
 - ***Function and conferencing size, seating, break-out capacity***
 - ***Required car parking and associated infrastructure for scale of redevelopment***
 - ***Impact on the site, precinct and residential amenity***
 - ***Financial analysis of options and staging***
 - ***Impact on centre business financial operations***
 - ***Impact on capital and recurrent budgets***
 - ***Risk management***

9.3.1

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- c** *Establish a working group of Councillors comprising the Mayor, Cr Pemberton and Cr Daw, the CEO and relevant staff to develop the Business Case Brief*
- d** *Approve a 2012/2013 budget allocation of \$100,000 towards implementing and completing the business case and report to Council*

10 December 2012:

Following the previous resolution, a tender process was undertaken to contract a skilled consortium of consultants to undertake the business planning and architectural concept design for the project. At the Ordinary Council Meeting, the resolution was: **(Attachment 4f)**

That Council:

Authorise the Chief Executive Officer to accept the tender and sign the formal contract for Contract 12018 for the Whitehorse Centre Business Case Development received from Bill K Williams Pty Ltd (ABN 96 005 624 868), of Suite 1, 70 Kerr Street, Fitzroy, trading as Williams Ross Architects, for the tendered amount of \$172,700 including GST; as part of the total expected project expenditure of \$189,970 including GST, having modified the scope of works to EXCLUDE the expanded / regional model and INCLUDE in the Business Case, options in accordance with the SGL Whitehorse Centre Feasibility Study Report.

WHITEHORSE CENTRE BUSINESS CASE - WILLIAMS ROSS ARCHITECTS

Williams Ross Architects Consortium was engaged by Council to conduct the following works:

- Complete market testing and needs analysis for performing arts and function services for the Whitehorse Centre
- Identify the ability of the existing Centre to provide these appropriate service levels for performing arts and function services
- Produce a Business Case for a redeveloped Centre
- Determine the capital and recurrent costs of a redeveloped facility
- Develop concept designs of a redeveloped facility

Williams Ross Architects Consortium Consultation:

Williams Ross Architect Consortium reviewed previous documentation, conducted building and site analysis and consulted with user stakeholders, to determine the needs of users and respond with a suite of building components to meet the identified need. Consultation included:

- 59 surveys of existing hirers, local arts and cultural groups and local business
- 37 interviews with local and Melbourne based arts groups, commercial artists, entertainment producers, event organisers, Arts Victoria, Performing Arts Centre Managers, Councillors and Council Officers

Existing Centre

Since opening in 1986 the Whitehorse Centre has had regular maintenance and minor refurbishments and improvements undertaken to enable a level of service delivery to the community.

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The Whitehorse Centre was built in an era when energy efficiency, environmental sustainability and universal design were not as developed as today's standards. The Centre lacks basic disability access to areas and does not meet current disability access standards, is ageing and will cost increasingly more to maintain. Investigation has shown that it is not practical or cost-effective to upgrade and extend the existing Centre based on the future business planning needs.

Building standards and community expectations have changed so much that many aspects of the Centre would not comply if today's codes were applied. Examples of building limitations⁹:

- The Waratah Room has no natural day light, and no external outlook. Its poor condition compared to other centres means it is not attracting as many users. Its capacity is relatively small, so larger events go elsewhere.
- The foyer is exceptionally crowded for larger events. The theatre, functions and rehearsal rooms all open off the one small space. By today's standards the existing foyer of 162 square metres should be increased to 506 square metres to accommodate the users of the theatre and adjacent rooms.
- The Centre lacks disability access in many places including toilet facilities not complying, administration offices (inadequate workstations, circulation), door circulation spaces, all backstage areas, orchestra pit, technical areas, and insufficient accessible seating positions and locations.
- There are insufficient toilet facilities for the number of patrons and the 'accessible' toilets do not meet current standards.
- The poor condition of the Soundshell makes it less than satisfactory for functions or events. It has limited natural daylight and does not have disability access. Its height is less than desirable for the sort of events it holds and has limited capacity and limitations for festivals. The scale of current day events was not conceived during its design 30 years ago.
- Backstage facilities are inadequate, especially for large community groups. For instance, there are only two dressing rooms, neither having disability access. Existing facilities are 312 square metres versus recommend 732 square metres.
- The Centre needs repairs to some deteriorating building fabric and plant, which are at the end of their working life. Estimated costs for the next five years are projected to be approximately \$7 million+ (indexed cost). These costs are purely for maintenance and renewal works and will have marginal impact of the Centre's hiring potential. These works will also not increase capacity, improve functionality or improve disability access of the Centre.
- When compared with the recommended facilities needed to serve the demonstrated future use as identified in the Business Case, the existing Centre is only 38% of the recommended facility area (existing 2,390m² versus recommended 6,365m²).

These conditions have been confirmed by a physical access audit that was completed in 2012 and a Building Code of Australia audit was completed in 2007

⁹ Whitehorse Centre Business Case – Project Overview

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Key Benefits

The outcome of the research and consultation identified that the Centre is well regarded by the community. The Whitehorse Centre Business Case identified benefits of an enhanced facility/range of facilities that include:

1. A demonstrated demand for a larger seating capacity (circa 580-600 seats) for the main auditorium (and increased stage size) that will make it more economic for hirers
2. A studio theatre (circa 200 seats) would enable smaller scale works to be staged. It would support local organisations who prefer a more intimate and lower cost theatre and also provide an excellent space for youth activities
3. Multiple activities would occur simultaneously improving access and utilisation on current levels
4. The ability to cater for larger functions was seen as an important aspect of a redevelopment to broaden the use for community and local businesses
5. Retain and improve the soundshell capability to meet the needs of the community festival season
6. The activity mix of a redeveloped centre remains a high proportion of community use and is projected to be 67%.

Key Findings

Key findings were consistent across both consultant reports, the former SGL Report & the Williams Ross Architects Business Case. The functional space findings include:

Functional Spaces

1. Main Theatre – seating capacity of 580-600 seats & increased stage size
2. Studio Theatre – a 200 seat (approx.) black box theatre space
3. Function Room - capacity of 300 dinner style seating and divisible into 3 spaces
4. Soundshell -integrated into the centre enabling an effective and efficient festival site
5. Foyer space – size critical to the success of venue
6. Studio space - demand shown for increased studio space

Car Parking

- Existing total of on-site car parks – 378 spaces
- Additional parking required – 175 spaces
- New site total approx. – 553 spaces

Municipal Performing Arts Centre

A Municipal Performing Arts Centre is usually the “peak” performing arts facility in its area providing:

- The highest level of technical capability
- A higher level of functionality and amenity
- Provides a professional theatre experience for participants

Comparison between a municipal performing arts centre and school theatres is a case of ‘apples and oranges’ as:

- A school theatre is usually just one theatre and not always with full capability school theatre does not provide the full range of necessary support facilities as they use adjacent classrooms

9.3.1 (cont)

The proposed Whitehorse Centre includes five facilities / support facilities:

1. Main theatre
2. Studio theatre
3. Sound shell
4. Studio space
5. Function room

* As well as car parking provision¹⁰

Retention of Existing Building

To meet the function space requirements of the proposed Centre the consultants reviewed the existing Centre in engineering, theatrical and functional terms and determined:

- Little of the existing building could be retained without substantial alteration or reconstruction due to required Building Code upgrades
- The building services and theatrical infrastructure would have to be entirely replaced
- Many existing spaces are functional compromised and several required spaces are simply not provided

The retention of the existing building, or parts of it, would be likely to constrain the future facility without providing a meaningful capital cost benefit. The existing building would have to be brought into full compliance with current building and related codes. This would require an almost complete reconstruction to achieve disability, occupational safety and energy efficiency standards. As well, flood mapping suggests that the floor level will need to be raised. For these reasons retaining portions of the existing building would result in a compromised facility while costing close to a completely new centre¹¹.

Capital Cost

The estimated construction costs have been escalated (that is, inflation adjusted) to construction completion in 2019 as it would need four years minimum to fund, design and build the centre.

Capital Cost	2014 Estimate	2019 Estimate
Building works		
	\$52,484,000	\$60,400,306
Car park, 3 levels	\$9,523,000	\$10,959,380
<u>Total capital cost estimate</u>	<u>\$62,007,000</u>	<u>\$71,359,686</u>
Council project costs		\$1,990,000
Project contingency (approx. 6.5%)		\$4,650,314
<u>Total End Cost Estimate, 2019</u>		<u>\$78,000,000*</u>

* Indexed capital cost for building project

Councillors were presented with three concept design scenarios for the Whitehorse Centre redevelopment and four car parking options for the precinct based upon the car parking needs analysis findings. The preferred option was to progress concept design of a 'new building on the existing site' and a deck car park to be located at the rear of the former Nunawading Police Station or adjacent to the Centre.

¹⁰ Whitehorse Centre Business Case – Part C

¹¹ Whitehorse Centre Business Case – Project Overview

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May 2015:

The draft findings and concepts designs developed for a potential redevelopment of the Whitehorse Centre were released to the community for public consultation.

From the Monday 4th May to Friday 29 May 2015 findings of the project were released for public consultation. The consultation plan included;

- A twelve page brochure outlining the project in hardcopy which could be downloaded from Council and the Whitehorse Centre websites
- 5096 letters to patrons, clients, stakeholders and local residents within a 300m radius of the Whitehorse Centre
- 1027 electronic E-news emailed to patrons
- *Leader* advertisement (Council Update) for the 4 weeks during consultation period
- On-hold phone messages during May on Council's phone system
- Distribution of project brochure collateral to key Council sites
- Displays on the Council and Whitehorse Centre websites (with advice on translation services)
- Advertised consultation in the *Asian Press*
- Two drop-in information sessions
- Large scale plans displayed in the Council building (civic centre foyer)
- Hardcopy surveys which were also available in Chinese

The survey findings from the May 2015 consultation identified the following feedback for the proposed redevelopment:

- A total of 619 people directly provided feedback during the consultation process. This included 559 on-line/hard copy surveys and submissions or letters directly to Council. In addition, a petition with 106 signatures requesting an alternative plan for the car park was received.
- Of the 559 survey responses the key findings include:
 - Over 73% of respondents either strongly agreed or agreed that the Council has an important role in providing cultural facilities and that the Whitehorse Centre is a valued asset.
 - Over 50% strongly agreed or agreed that the centre required redevelopment and 37% of respondents disagreed or strongly disagreed that the centre requires redevelopment.
 - 78% of the survey respondents are residents of the City of Whitehorse.
 - 26% highly supported the redevelopment as currently proposed, 18% supported the proposal and 10% somewhat supported the proposal. 45% do not support the proposal. Less than 1% had no opinion.
 - 56% of respondents indicated that the redevelopment was an important project for the City of Whitehorse.
 - 35% of respondents had attended an event at the Whitehorse Centre.

The deck car park located directly opposite the Whitehorse Centre was identified by local residents to be a serious concern due to its proximity to residential properties. In June 2015, as an immediate response to these concerns a letter from the Mayor was issued to residents in a 300 metre radius of the Centre to remove the deck car parking option near the northern boundary fence line. The alternate car park position at the rear of the Nunawading Police Station remains an option and further car parking investigation would be undertaken.

The Draft Final Whitehorse Centre Business Case Project Overview, Parts A, B and C are attached. **(Attachment 4g)**

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DISCUSSION

Possible options for the future of the Whitehorse Centre include:

- **Option A** – A redevelopment of the Centre based upon the 2015 Business Case
- **Option B** - Further investment into essential works to keep the Centre operational for another 8-10 years
- **Option C** – A 'Do Nothing' closure would see the withdrawal of maintenance and capital expenditure and permanently close the Centre within 2 years. The site would be returned to parkland

To inform Council's investment in arts and culture and the future of the Whitehorse Centre further research is proposed to be conducted in 2016.

OPTION A: REDEVELOPMENT BASED UPON THE 2015 BUSINESS CASE

A proposed redevelopment of the Centre is based upon the market research outcomes by the SGL Group Feasibility Study and the market testing and research outcomes of the Williams Ross Architects Consortium Whitehorse Centre Business Case. Both of these independently commissioned and conducted studies concluded consistent outcomes for functional space requirements (facility size and capacity needs) for Council's performing arts and function services.

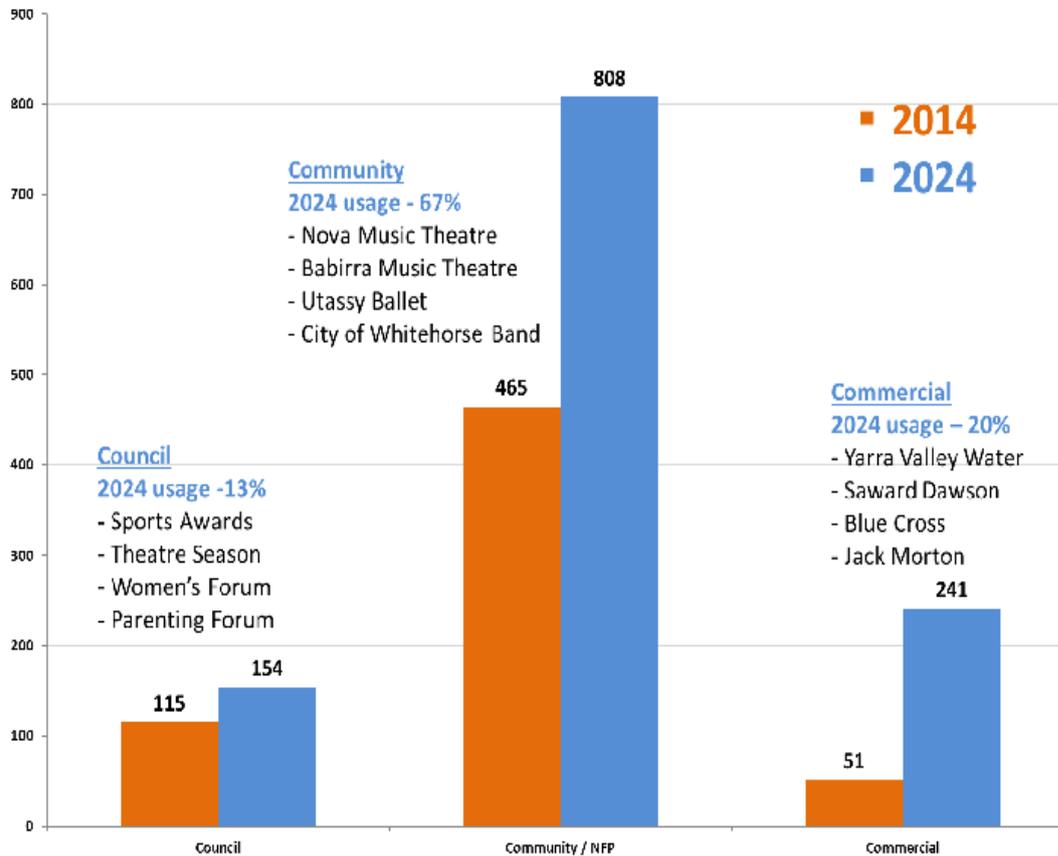
Booking Comparison

If the Centre is to be redeveloped a booking comparison has been undertaken to compare the existing venue usage to that of a redeveloped facility. The result is an increase to community, Council and commercial bookings. The greatest growth is seen in community bookings for the Centre. The projected usage in 2024 is:

- 67% Community use – theatre, classes, function bookings
- 13% Council use – including the public community programs
- 20% Commercial use – assisting to offset subsidised community use

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Proposed Redevelopment – booking comparison 2014 to 2024

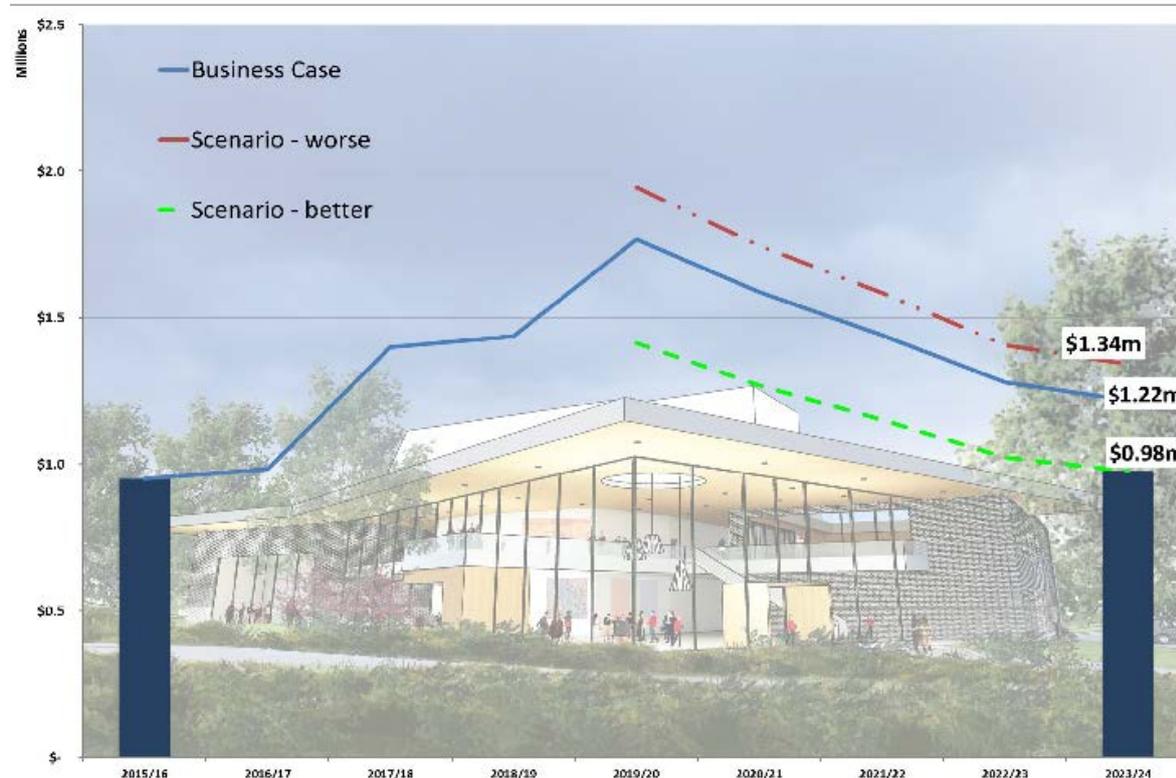


Council Annual Operating Subsidy for the Whitehorse Centre

Council has also examined a best and worst case operational scenarios in the graph below based upon the commissioned business case. The Business Case provided a fiscally responsible conservative projection for the Whitehorse Centre. Based on this conservative outlook Council has projected a 10% worst case scenario and a 20% best case scenario to indicate alternate scenarios in 2023/2024.

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Council Annual Subsidy – Redevelopment (EXCLUDING DEPRECIATION)



The annual operating subsidy scenario graph indicates that once the a redeveloped Centre has re-established itself in the fifth year of operation the annual subsidy is similar to the 2015/2016 operating subsidy for the Whitehorse Centre but has an increased booking usage as identified in the previous booking comparison graph. The outcome shown in the better scenario option (green line) is an operational subsidy reduction to the Business Case projection and a reduction to the current budgeted 2015/16 annual operating subsidy.

To understand the Council subsidy of the Centre it is important to note that the Whitehorse Centre hire charges for Not-For-Profit Organisations are subsidised by Council to assist community use and access to the Centre. Additionally Whitehorse community groups who fulfil Council’s Discount Support Grants Program criteria also have access to further subsidised support by Council. The patron ticket prices for the theatre and music season and midweek matinee program is also subsidised by Council to provide arts and cultural opportunities in the local area.

Redevelopment Funding

Preliminary long term financial modelling was undertaken during preparation of the 2015/16 Budget. This was based on a scenario of Council proceeding with both the Nunawading Community Hub project and the Whitehorse Centre project. The funding model of these two projects would approximately assume:

- 46% would be drawn from existing reserves and realise funds from asset sales
- 31% from long term loans
- 21% over a five year period from rates surplus
- 2% would be sought through as yet unidentified grants or other income sources.

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This modelling demonstrated a capacity to fund the Whitehorse Centre Redevelopment Business Case. While the modelling was undertaken prior to the expected introduction of rate capping, Council believe the 2% Whitehorse City Renewal Fund may provide an offset for lower future rate generation capability.

Council also notes that approximately 77% of the combined funding is from non-rate sources. As Council considers further community research on the three Whitehorse Centre options it expects to learn with certainty details of the rates cap legislation and the cap amount and will update long term financial modelling accordingly.

OPTION B: ESSENTIAL WORKS TO EXITING CENTRE TO REMAIN OPEN FOR 8-10 YEARS

There comes a point in the life of a building when it either needs a major redevelopment or closure. Investing more community funds in keeping an ageing, no-longer adequate facility operating may be a poor use of funds.¹²

Further work has been undertaken recently on the existing building and its capacity to meet the functional needs of the theatre and function services. These works have included:

- Understanding the useful working life of the Centre
- The ability of the Centre to provide appropriate service levels for performing arts and function services

Any additional work outlined in this option does not improve the size or capacity of the Centre; it will not resolve the issues around accessibility and access to areas of the Centre. Any works to improve access would require major structural changes to the Centre and would likely require the entire Centre to be compliant to current day Australian Standards. The objective of the essential works within this option is to keep the Centre operational to a standard that currently exists for users of the Centre in 2015.

As an asset, the building degradation condition is currently identified as poor. It has been assessed that if \$5.8 million dollars is spent over the next five years (indexed to approximately \$7m+ during the course of the works) it would extend the useful life of the building for another 8 -10 years. At that point (40 years old) the building may no longer effectively meet the needs of Centre users, provide appropriate working conditions or be competitive to other performing arts and function centres and Council would most likely need to consider the likely closure of the Centre, alter the services available and continue to increase the operating subsidy.

A structural analysis of the Centre was completed in September 2015 (**Attachment 4h**). The report concludes there were elements of the building fabric including external cladding, roof sheets and gutters/downpipes all showing wear after 30 years. These elements must be addressed if the Centre is to remain open. The report concludes that the existing structural condition is generally sound in its current form.

¹² Whitehorse Centre Business Case – Project Overview

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Significant concern surrounds the condition of the roof which is judged as poor and needs a full replacement within the next two years. If this is not to occur and there is a major leak the Centre would be immediately closed. The roof sheet throughout appeared to have deteriorated over time. The roof sheet:

- Showed general deterioration following years of exposure to weather elements
- A number of penetrations through the roof sheet and 'retrofit' flashing attempts
- Generally appeared to be near the end of service life
- The roof fall was very flat in some areas and does not assist roof drainage to the main roof and the assumption is water ponding due to the presence of mould on the roof sheet.¹³

Limited Upgrade Potential

In October 2015, Marshall Day Entertech has also provided additional information on the technical infrastructure of the existing facility (**Attachment I**). Marshall Day Entertech identify changes to industry standards for performance equipment and systems since the initial opening have not served the building well and a number of elements including cabling infrastructure, structural rigging loads and backstage amenities require attention. The report notes the Centre requires maintenance and infrastructure upgrades to operate effectively and to comply with code and legislative requirements.

A technical upgrade will go part of the way to addressing technical equipment deficiency with the existing Centre although it is unable to resolve many of the functional limitations and constraints inherent in the design and capacity of the Centre and the expectation of what a performing arts centre should provide now and into the future.

Due to structural requirements, operational impact or functional relations with other spaces, substantial elements of a refurbishment of the Centre would be very challenging to address in any partial or staged refurbishment. These include:

- Any increases to the theatre audience capacity or changes to sightlines
- Changes to the proscenium height and width
- Improvements to the stage and stage wing size
- Increases in the fly tower structural loading
- Increases to the fly tower height and counterweight fly system drift
- Improvements to the orchestra pit size and access and lid system
- Replacement of the ageing technical cabling infrastructure
- Code compliance with Universal Access requirements
- Code compliance in the lighting bridge headroom
- Provision of access to fly tower
- Improvement in internal and external sound insulation
- Control of building services noise and vibration in the theatre
- Control of rain noise in the theatre.¹⁴

A quantity surveyor has identified the cost to maintain the facility at its current service level and has projected this cost over the next five years (**Attachment 4j**). For example, the entire roof of the Centre must be replaced within the next two years as there is a risk of critical failure due to leaks. The replacement of the roof is a 'like for like' replacement and does not allow for any unforeseen costs that may arise during construction works. It will also not address the sloping roof height in the theatre where users accessing and working from the lighting bridges above the auditorium must crouch over when working in this area. To address this issue it would involve extensive structural work to the Centre.

¹³ Kersulting Engineers and Managers – Project Advice Notice

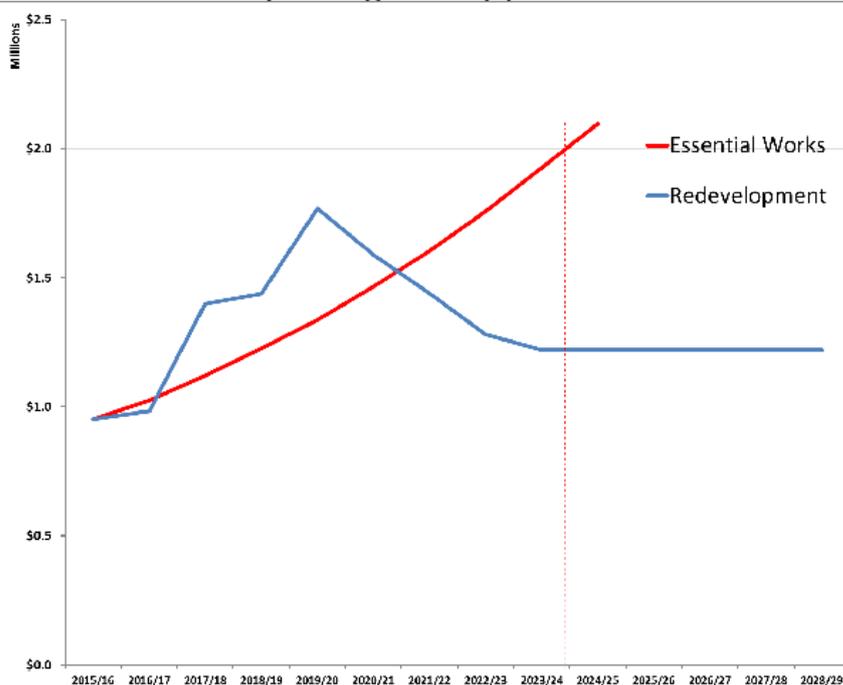
¹⁴ Marshall Day Entertech – Whitehorse Centre Venue Infrastructure and Design Report

9.3.1
 (cont)

If the essential works can only maintain the existing building without improvement there is a projected decline in usage over the next 8-10 years. It is forecast there would be an increasing cost to operate the Centre during this period. The operational subsidy is compared in the graph below with a redeveloped centre. In the graph:

- **Option A** - The blue line is a redeveloped Centre sees an initial increase to subsidy during building works and the establishment period of a redeveloped Centre. After this point the subsidy would decline and be similar to the existing Centre's subsidy but with increased usage of the facility.
- **Option B** - The red line is the existing centre sees an increasing subsidy as the building ages and becomes less functional for users until its potential closure

Council Annual Operating Subsidy (EXCLUDING DEPRECIATION)



OPTION C: CLOSURE OF THE WHITEHORSE CENTRE WITHIN 2 YEARS

This option of 'doing nothing' will lead to the closure of the Whitehorse Centre within the next 2 years.

As a 30 year old building it has never undergone major works and has reached a time where a redevelopment is required. A substantial investment of millions of dollars as outlined in Option B will extend the working life of the existing building for 8-10 years with continuing constraints with accessibility, no improvements to capacity and functionality before its closure. Option C sees the imminent closure of the Whitehorse Centre.

If Council chose not to continue re-investing capital and maintenance funds into an ageing Centre there will be critical failures that would immediately close the Centre. For example, it has been determined the roof should be replaced within the next two years as there is a risk of increasing and unmanageable leaks. The cladding to the theatre turret may dislodge in an extreme weather event and the Centre would be immediately closed. The air conditioning unit is nearing the end of working its life and its failure would close the Centre as it could not operate without a working ventilation system. With no building improvements the Centre will no longer provide clients the assurance their booking would proceed under this option.

9.3.1

(cont)

This option presents the costs to Council of the demolition of the existing building and returning the site to parkland. The costs of these works are estimated to be \$2+ million.

With this closure, alternate arrangements for Councils festivals program that currently runs from the Whitehorse Centre would increase operational costs to these events.

PROPOSED NEXT STEP: RESEARCH FRAMEWORK

With the release of the Whitehorse Centre Business Case a research project is proposed to be conducted by JWS Research (**Attachment 4k**). JWS Research is an independent organisation that conducts research for Federal, State and Local Government as well as the private sector. JWS Research is to consult with the community to analyse the community response to the proposed three options. The objective of this consultation will be to accurately assess residents' attitudes and opinions. Specifically:

- Awareness, attendance and community support of the current centre
- Perceived values and benefits of a new performing arts centre
- Questions, concerns and hesitations to a new performing arts centre
- Level of support for a new performing arts centre and reasons for this
- Profile of the most receptive to and opposed to the development
- Information needs and expectations of the community to the new centre
- Community response in support or opposition to the closure of the centre

It is recommended JWS Research will consult with the community between late February and May 2016. It is important to allow the community the time to review the Whitehorse Business Case (550+ pages) on its release to enable an informed community response.

Method

- Qualitative research (focus groups) with a representative mix of Whitehorse residents to understand opinions and attitudes towards the existing and proposed new performing arts centre
- Quantitative research (telephone survey) of 600 City of Whitehorse residents to confirm and validate the findings of qualitative research

Outcomes

- A comprehensive understanding about residents' views and perceptions by different subgroups such as various demographic, geographic and user groups.
- Results will assist in a decision on proceeding with the project (or not), the appropriate level of investment and to inform the development of an overall communications strategy.

A consultant report for consideration would be prepared and issued to Council consideration in mid-2016.

CONSULTATION

Council has commissioned two research and consultation projects on the proposed Whitehorse Centre redevelopment with two independent consultants. The consultation process is as outlined throughout this report.

In total over *1,500 people* have contributed over the past five years and this does not include the hundreds of people represented by specific users groups.

9.3.1

(cont)

FINANCIAL IMPLICATIONS

In the 2015/2016 Capital Works Program Council allocated and quarantined \$200,000 to be used on the next stage of works for the Whitehorse Centre project. It is recommended these funds be released. Funds are to be allocated to JWS Research (approx. \$90k) to conduct further research upon the release of the Business Case to understand the community response to the future options for the Whitehorse Centre.

POLICY IMPLICATIONS

The provision of a performing arts centre and its possible redevelopment supports Council's Vision (2013-2023), Council Plan (2014-2018) and Arts & Cultural Strategy (2014-2022).