



**ROTORUA
LAKES COUNCIL**

Te Kaunihera o ngā Roto o Rotorua



ROTORUA MUSEUM TE WHARE TAONGA O TE ARAWA

**STRENGTHENING
& RESTORATION
PROJECT**



Message from the Mayor

Tēnā koutou katoa, and welcome to our Rotorua Museum Te Whare Taonga o Te Arawa consultation document.

Our iconic Bath House building which housed the Rotorua Museum is a significant building for our community and country.

In 2016 damage from the Kaikōura earthquake meant the building needed to be closed. Based on information at the time, it was initially expected that the project to strengthen and upgrade the Museum could be completed at a cost of \$53.5m.

Unfortunately, after ground investigation, detailed design, and construction cost escalations, the expected cost to repair and restore the full Museum has increased significantly to \$81.4m. With the potential for costs to escalate further given the complexity and age of the building.

That is why it is so important for us to hear directly from the Rotorua community on what option you want, and how much you're willing to pay for it. We hope that this consultation document better informs you of our options to move forward and find the best solution for our building and Museum services.

Your feedback is important to us to ensure we get this right. So please take the opportunity to make a submission with your feedback to assist Council in our decision making.
Ngā mihi,



Tania Tapsell
Rotorua Mayor



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Rotorua Museum Te Whare Taonga o Te Arawa Strengthening and Restoration Project

Current Position and Project

Rotorua Museum Te Whare Taonga o Te Arawa, (also known as the Rotorua Bath House) is a Heritage New Zealand Category 1 listed building, located in Government Gardens, Rotorua. The land was first gifted by Ngāti Whakaue in 1876 for use as a school. In 1880 it was included by Ngāti Whakaue as a gifted reserve under the Rotorua Township (Fenton) Agreement. The building is one of the most iconic and photographed buildings in the country.

Prior to the Museum closure, it hosted more than 120,000 visitors per year (approximately 40% local, 25% visitors from around New Zealand, and 35% international). The Museum collection includes 45,000 items. Of particular importance is the taonga Māori collection and collections documenting the evolution of the Rotorua district (including early tourism and the 28th Māori Battalion B company). When the Museum was open it cost approximately \$5m per year and generated income via admissions, events, café and gift shop of approximately \$2.5million per year.

Building Closure

The Bath House building is over 100 years old and over time has developed cracks in the pumice walls and floors. Council had documented and mapped the cracks and had started a Detailed Seismic Assessment (DSA) with an initial 3D scan of the building. However, before the DSA was finished, on 14 November 2016, a magnitude 7.8 earthquake occurred near Kaikoura. The next morning, staff discovered additional cracks. An assessment was completed by structural engineers which placed the seismic strength of the building at 19% of the New Build Standards (NBS). This meant the building was considered earthquake prone (an earthquake prone building is any building that is less than 34% of the Building Code standard for new buildings). As a precautionary measure to ensure staff and public safety, the building was closed on 18 November 2016. The closure hastened the extra work required to complete the DSA and understand the strength and earthquake resilience of the building.

Project Complexity

The project is one of the most complex earthquake strengthening projects in the country for several reasons:

- It is a Heritage New Zealand Category 1 listed building
- It has a 115-year-old wooden frame sitting on unreinforced, weak pumice masonry walls
- The building sits on unstable geothermally-heated ground, which is highly corrosive, and has caused significant deterioration to fastenings and parts of the structure
- There have been successive building alterations over many decades, each with its own differing construction methods.

There are no manuals that tell engineers the strength of an 115-year-old structure in the unique environment of Rotorua. This means that extensive testing of all of the building components and foundations has had to be carried out.

For a full history of the land, building and Museum restoration project please visit
rotorualakescouncil.nz/museumfuture

Project Costs and Funding

The strengthening project was initially allocated \$500k in 2017 to complete the Detailed Seismic Assessment. When the 2018-2028 Long-term Plan was adopted in 2018, sufficient funding became available to continue to detailed design. Overall, \$53.5m funding has been secured for the project to date. Council has previously committed to provide \$15.5m with the balance of funding (\$38m) coming from four major funding partners:

- \$17m Provincial Growth Fund (PGF) (Kānoa)
- \$10m Rotorua Trust
- \$6m Lotteries Grants Board
- \$5m Manatū Taonga Ministry Culture and Heritage

In 2021 it was expected that the project could be completed within a \$53.5m envelope without a requirement for additional Council funding. Following extensive research to understand the complexities of the 100+ year old building, detailed design, ground investigation and construction cost escalations, the total project cost is now estimated at \$81.4m. This is \$28m above the current project funding of \$53.5m.

Part of the cost of reopening Rotorua Museum Te Whare Taonga o Te Arawa as a museum is the development of exhibits. In addition to the costs of strengthening and restoring the building, an exhibition budget of approximately \$10m is projected. To date, \$4.5m external funding has been secured.

Why Consult Again?

It has been more than 5 years since the Council consulted the community about the future of the Museum. Now there is more detail about the scope and costs to restore the building, we want to know how you would like the project to progress.

Is the project to fully strengthen, restore and re-open the Museum within the Bath House building still the community's preference?

Option A

A. Follow the 2018-2028 Long-term Plan decision Continue to fully restore the building and reopen as a Museum

The project is now estimated to cost \$81.4m. At this cost it would require at least an additional \$28m of funding with Council looking to source \$19m of that amount through external funding. This option involves full building strengthening and restoration, and all internal fit-out so that the doors can open on a revitalised Museum service offering. Despite the investigations that have already been undertaken, due to the complexity and age of the building there is still a risk that costs may escalate beyond the estimate and the contingency provided. **This means that \$81.4m may not be a final project cost.**

If the project proceeds the building restoration may be completed in late 2025 and the Museum could re-open in early 2026 (subject to all funding being secured by July 2023 and assuming there are no major delays during construction).

Implications include:

At least an additional \$28m needs to be found. The increase in the estimated project cost to date could be funded as follows:

External funding contribution – Council will attempt to source an additional \$19m from external funders. Funders have already indicated a potential \$9m, leaving \$10m still to be found.

Council contribution - Increase the funding commitment by \$9m, bringing the Council's funding to a total of \$24.5m. This would be funded through borrowing and Council currently has the capacity to accommodate an additional \$9m of funding within its current debt limit. Every \$10m borrowed equates to an overall 0.75% rates increase or \$30 per ratepayer. Therefore, a total \$24.5m Council funding would be a rates increase of 1.8% or \$73.50 per ratepayer for 20 years. It is important to note that \$10m has already been spent.

Further cost escalations and /or external funding sources become tapped out - Council will need to fund further additional funding gaps through borrowing. **A cost to Council in the range of \$10m or more would likely lead to Council needing to increase its debt limit, and/or require other debt funded projects to be reprioritised.**

RISK	EXPLANATION
Funding	If we do not secure the necessary external funding, Council would have to either commit further funding, or stop the project. To mitigate this risk, Council would not award the construction contract until external funding is confirmed.
Construction Escalation Costs	The project has had the benefit of extensive testing of materials and ground conditions, as well as contingency built in to the \$81.4m cost envelope. However, given the age of the building and complexity of the project, there is still a risk of further cost escalations. Once construction has started, any escalations beyond the approved envelope would need to be funded by Council.

Option B

B. Staged Project

Stage One: Fully strengthen the building

Stage Two: Complete restoration and fit-out to reopen the building as a Museum

Stage One would involve all work to strengthen the building, make it watertight and ensure fire protection. Stage One would cost an estimated \$54m. Stage Two would include the sourcing of additional funds to complete the fit-out of internal spaces so that the Museum can be opened. Under this option, the Museum would not re-open until the internal fit-out (Stage Two) is completed. While the building is closed, taonga will not be accessible to the community (other than by appointment to the off-site storage facility).

The current funding available would provide only for Stage One to be completed, and is subject to all external funders agreeing to a staged approach.

Undertaking a staging of the project seeks to retain as much funding as possible to enable delivery of as much of the build project as possible. Specifically:

Stage One: All of the work to strengthen the building to make it watertight and ensure fire protection includes: all compliance work, ground improvement work, full seismic (structural) work, full replacement of the roof, full remedial work to external envelope, full replacement of fire protection system, and scaffolding. All other services would be retained and repaired to make operational (as opposed to full replacement) including mechanical (heating/ cooling/ humidity), electrical/ data services and security system.

Stage Two: Fit-out of internal spaces including a café, audio-visual and lighting systems, education rooms and gallery spaces would be postponed to a future Stage Two (and subject to a new fundraising campaign). The Museum would still be closed at the completion of Stage One, and would re-open when Stage Two is complete.

The staged approach allows Council more time to work with external funders and to raise the necessary funding for Stage Two, noting that the amount to raise will be larger than doing it all at once because of the cost to restart and ongoing inflation.

Staging implications include:

External funding contribution - requires that all external funders will continue to commit to the project despite it not being able to open and deliver a Museum until Stage Two is completed. Council has received communication that at least one funder would not continue to fund a staged approach.

Council contribution - requires a contribution of \$16m for Stage One subject to all funders continuing with their commitment. This will be funded through borrowing and means a rates increase of 1.16% or \$46.50 per ratepayer for 20 years. With a staged approach there will be further increases if/when Stage Two is completed.

Cost envelope - The capital cost envelope to strengthen the building (Stage One) is estimated at \$54m. The cost of Stage Two is unknown at this time and would be deferred to a later time when funding is available. However, that cost will be greater than \$28m.

Cost escalations and unknowns - This option has the same potential cost escalation risks as for the full strengthening, restoration and re-opening of the Museum. This creates a risk that the final project cost could be over the current estimate.

While a staged approach may save costs at this time, the project is incomplete and Council will have to continue to work on securing additional funding to complete the project at a later time. In the long run, delaying Stage Two will reduce the immediate cost to the ratepayer, but is likely to increase future costs as build costs are expected to increase, and there will be a loss of contractors/staff with experience and direct knowledge of the building. There will also be increased costs to demobilise/remobilise and re-tender.

Staging the project means that an opening date for the Museum can't be committed to. Opening the Museum can only occur at the completion of Stage Two and access to the Museum's collections remains limited while the building is closed.

As the Museum can't reopen until Stage Two is completed, the exhibition project would need to be put on hold. Exhibition planning currently underway would be completed, requiring a total of \$254k to do so, and picked up again once Stage Two can start. The \$4.5m already raised towards the exhibition development would remain, however the Council will need to secure the rest of the exhibition funding if the project proceeds to Stage Two.

RISK	EXPLANATION
Funding	The key risk to this option is whether all external funders agree to retain their funding for Stage One. There is also no certainty that additional external funding could be secured for an internal fit-out (Stage Two). However this option does allow Council time to fundraise for Stage Two.
Construction Escalation Costs for Stage One	The project has the benefit of extensive testing of materials and ground conditions, as well as contingency built in to the \$54m cost envelope. However, given the age of the building and complexity of the project, there is still a risk of further cost escalations. Once construction has started, any cost escalations beyond the approved contingency would need to be funded by Council.
Cost of Stage Two	The cost to the ratepayer to complete Stage Two will continue to increase over time (potentially significantly). The combined cost of Stage One and Two would cost at least as much as strengthening/restoration and re-opening the Museum.
Operating Income and Expenditure	Once Stage One is complete, Council will start to incur costs associated with its \$16m contribution (finance and maintenance costs) however the building would not be open and earning income.

C. Find Alternative

Find an alternative location for the Museum and its services

In this proposal the existing project in its current form would come to an end. The Bath House building would remain standing but would be closed until an alternative solution was found to strengthen it to at least 34% of New Building Standards at which time alternative uses for the building could be investigated. While the engineering work undertaken to date would still be valuable, the current approach to strengthening the building to the higher standard of 70% NBS would likely prove cost prohibitive, so we would need a new structural engineering approach.

Council is obliged under the Building Act to strengthen the building to 34% of New Building Standards by 2042. There is the possibility of applying for one extension of up to ten years to preserve the status quo (i.e. by 2052) if extra time is required. While cost effective options to strengthen the building to 34% New Building Standards were being investigated, Council would need to make the building safe to passers-by and ensure that it is secure. It is envisaged that this would cost approximately \$10m (made up of \$8.5m of costs to date, plus an estimated additional \$1.5m). Ongoing maintenance would also be required to ensure the building remained watertight and well presented.

The external funding secured to date was provided on the basis that it would be used to strengthen the building sufficiently for the Museum to reopen. Funders would therefore be likely to expect that existing funding agreements would be canceled, and any funding already provided would need to be returned.

This alternative means that options for a new Te Whare Taonga o Te Arawa building and location would need to be investigated.

The costs and associated details of this alternative are currently not fully known and require further investigation. Council would look to progress this work once a decision had been made on the future of the Rotorua Bath House.

RISK	EXPLANATION
Unknown Project Costs	Project costs are unknown. There has been no work to date on what it would cost to strengthen the building to the minimum 34% NBS. In addition there is no work to date on the cost to build a new purpose built museum in an alternative location.
Legal Obligation	Council still must address the legal obligation to strengthen the building to at least 34% of NBS within the next 25 years. While applications could be made for an extension or exemption there is no guarantee that these would be granted. Accordingly, if the project were stopped at this time, Council would need to take into account the future liability and costs of strengthening the building.
Loss of Heritage Features	The building is still earthquake prone and damage to its architectural characteristics from a seismic event is likely.
Funding	It is uncertain if funders would support a reduced strengthening of the building to 34% NBS that did not preserve its heritage features.
Suitability for Other Uses	The land was gifted as a reserve for recreational purposes which limits the building's use for other purposes.

What we need you to tell us

A. Follow the 2018-2028 Long-term Plan decision. Continue to fully restore the building and reopen as a Museum

Yes

**Tell us
Why?**

If you do not believe Council should proceed to restore the building and reopen it as a Museum there are two additional options for consideration.

No

or

or

B. Staged Project.
Stage One: Fully strengthen the building, Stage Two: Complete restoration and fit-out to reopen the building as a Museum.

**Tell us
Why?**

C. Find Alternative. Find an alternative location for the Museum and its services.

**Tell us
Why?**



Museum options summary

Option	Borrowing required	Cost per ratepayer per year for 20 years	Risk
A. Follow the 2018-2028 Long-term Plan decision	\$24.5m	\$73.50	\$10m additional funding to be raised. Construction escalation costs. If we can't raise the additional funding or construction costs escalate, the shortfall would be debt funded. This could increase Council debt above the current limit requiring the limit to be lifted or other projects to be stopped or deferred.
B. Staged Project	\$16m (plus Stage Two costs if not funded externally)	\$46.50 plus Stage Two costs	Total cost of Stage One and Stage Two projected to be higher than non-staged approach. Construction escalation costs. \$32m plus additional funding to be raised.
C. Find Alternative	\$10m* Unknown (could be full cost to strengthen and build new facility)	\$30.00 + future costs	All external funding received to date will need to be returned. Building must still be strengthened by 2042 unless an exemption is given (which is not guaranteed). Finding a new location for a Museum would need to be investigated. Without external funding both the strengthening and the new Museum facility would need to be fully funded by Council. *Time and costs spent to date are not recoverable.

Te Āhua O Tō Whakapuaki Whakaaro How to Have Your Say

Council would love to hear your thoughts. There are a variety of ways that you can provide feedback and engage with Council. We encourage you to:

- Complete an online submission form at rotorualakescouncil.nz/museumfuture
- Complete a physical submission form available at Rotorua Lakes Council and Rotorua Library, Te Aka Mauri
- Write to us at letstalk@rotorualc.nz
- Email us at letstalk@rotorualc.nz
- Talk to us on Facebook [@rotorualakescouncil](https://www.facebook.com/rotorualakescouncil) or [@rotoruumuseum](https://www.facebook.com/rotoruumuseum) Comments and suggestions will be considered. However, receipt of feedback provided via social media cannot be acknowledged.
- Phone us on [07 348 4199](tel:073484199) (0800 020 001) (8am - 5pm, Monday to Friday).
- Attend one of our consultation events. These will be recorded so your feedback can be captured.

Consultation Events	Date	Time
Rotorua Library, Te Aka Mauri	Wednesday 31 May	12.:30pm – 1.:30pm
Sir Howard Morrison Centre	Wednesday 7 June	5.:30pm – 6.:30pm

Please refer to rotorualakescouncil.nz/museumfuture as well as Rotorua Lakes Council and Rotorua Museum social media pages for latest information on events. Public consultation closes on Wednesday 21 June 2023.

Scan me





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