



DOCUMENT FOR DISCUSSION

CITY HALL COMPANY BUSINESS PLAN



CAPE TOWN HERITAGE TRUST
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PREAMBLE

This business plan, supporting the application by the City Hall Redevelopment and Management Company ("City Hall Company" or "Company") for a 50-year lease over the City Hall Property, provides a further step in the process that has included presentations by The Cape Town Partnership and The Cape Town Heritage Trust to representatives of the City of Cape Town, including Her Worship The Mayor, and should be considered as a document that requires discussion and further research. This business plan deviates from prior discussions, including those with Her Worship The Mayor, in the following main respects:

1. Whilst the Auditorium is optimised for acoustic renditions, its past and current use also includes amplified music. Amplification infrastructure is lacking and in the past has mitigated against successful staging of a substantial array of local and African music. This business plan encompasses the vision of repositioning the City Hall as a premier music venue, serving a broader cultural menu for Cape Town's citizens and visitors, primarily for acoustic, but also for amplified performances with limited infrastructure changes to cater for amplification.
2. Previously, the City Hall Company contemplated an upfront restoration of The City Hall property at an estimated cost of R40million, to be initially funded by, *inter alia*, interest-bearing debt. This business plan considers a phased approach to maintenance, refurbishment, capital expenditure and restoration and is considered to be a more conservative approach. Accordingly, for the first five years of operation, maintenance and refurbishment costs and capital expenditure will be funded out of net surpluses generated and no interest bearing debt will be raised. Given the current high interest rates and the reluctance of banks to lend money, coupled with the potential inability of the City Hall Company to repay capital and interest out of forecast revenue streams, this course of action is considered to be prudent.

Should the current economic and interest rate climate improve and future City Hall revenues increase to allow for the servicing of interest and capital repayments of interest bearing debt necessary to fund significant restoration efforts, then the City Hall Company will consider such renovations and the debt-funding thereof, at the appropriate time. It is proposed that after 2014, a more substantial renovation would be undertaken supported through private sector and individual fundraising.

3. Resulting from the aforementioned budgetary constraints, the proposed phased approach to maintenance and refurbishment costs and capital expenditure, does not allow for an upfront significant restoration at commencement or an initial holistic rehabilitation of the building to bring it in line with modern requirements, or the upfront upgrading of the services within the building. For this reason, forecast rentals are below market and the business model limits operating expenditure and capital expenditure to potential revenue income.
4. The business model is predicated upon continued budgetary support from the City of Cape Town to fund property operating expenditure for the first 5 years of the lease. The budget required from the City of Cape Town amounts to R3.5 million for the 2009 / 2010 year and increases at the greater of 10% and CPI annually thereafter. By agreeing to this initial 5-year funding, the City of Cape Town has the ability to significantly reduce its expenditure on the City Hall Property for the remaining 45-years of the proposed lease period.

EXECUTIVE SUMMARY

Owned by the City of Cape Town, the City Hall is one of the most significant public facilities and a major heritage asset in Cape Town's city centre. The City Hall's location means that it has a central role to play in the area's planned rejuvenation, which includes the development of the Grand Parade as an official 2010 World Cup Fan Park.

The City Hall is significantly under-utilised, poorly maintained and requires substantial refurbishment. The property consists of two distinct sections: the Auditorium (or Grand Hall) and a Mixed-use building, neither of which are used to their full potential.

The City Hall Company ('the Company'), a Section 21 Company with a "Not For Profit Organisation" application in process, formed by the Cape Town Partnership and The Heritage Trust, is in the process of applying to the City of Cape Town to enter into a 50-year lease covenant, commencing 1 July 2009. This business plan forms the backbone of the application which seeks to assume responsibility for the City Hall, in return for guaranteed budgetary funding by the City at reasonable support levels for five years. In effect, the City of Cape Town, by committing to five years of expenditure, will save on the following 45 years of expenditure.

The City Hall Company plans to bring the City Hall back to life as the music hub of the city centre through enhanced use of the Auditorium as well as an appropriate mix of commercial and retail tenants operating in and around the music and entertainment, arts and culture industries and support services.

The business concept involves introducing a more structured approach to utilizing the Auditorium and earning more market related revenue therefrom, but at the same time ensuring reasonable usage thereof by the broadest of Cape Town communities, long-time associates the Cape Philharmonic Orchestra and sponsored support from Cape Town's corporate sector for the re-launch of this iconic landmark. The second aspect of the business concept involves making the Mixed-use building available to commercial and retail tenants on 5-year leases at reasonable rental rates.

The concept of mixed-use commercial usage of a property on a heritage site is not new and has been previously successfully brought to fruition in Cape Town. An example of appropriate mixed-use/commercial/retail spaces in heritage buildings can be understood with reference to the example of Heritage Square, which successfully incorporates a number of relevant activities, including restaurants, a wine bar, specialist retail, a boutique hotel and office studios for various creative industries in a sensitive heritage building.

Vision

The City Hall Company's vision is that the City Hall will be a centre for performance, participation, experience, developing and learning of traditional, indigenous, contemporary and classical music. The City Hall will:

- Be used as a sustainable cultural centre for the City of Cape Town with an emphasis on the promotion of music. The centre will include performance venues, rehearsal space, educational facilities, retail opportunities related to music and culture, and supporting activities such as restaurants and bars.
- Be an important cultural tourism asset for the city. It will form the flagship of a proposed positioning of the East City as the first phase of a cultural hub in the Central City.

- Form an essential part in a ‘town to township connection’, ensuring marginalised communities (of all kinds) have a base in the city for the dignified performance of local music practices.
- Attract tenants centred on music and entertainment, arts and culture industries and support services, as well as on a range of mix use tenants that further the City Hall’s positioning as a destination of cultural visitation.

The Mixed-use block has two lower floors which have been earmarked for retail tenants, whilst its two upper floors have been earmarked for a range of mixed uses with focus on public accessibility, including use in the lead up to and during the 2010 World Cup

The Business Plan is a five year plan towards a 50 year vision and proposes using the building in its current state with only limited and necessary renovations and upgrades in the first five years. Its strategy in this period (till 2014) is to:

1. Position the space as a premier Music Centre for the citizens of the city and other visitors;
2. Begin planning for a longer- term restoration and redevelopment project; and
3. Raise the funds necessary to redevelop and operate the center independently on the city from 2014 onwards.

This strategy is founded on the global experience that new cultural facilities take roughly five years to establish a local donor base for massive capital upgrades and in becoming entrenched firmly in the minds of locals and visitors alike as a destination. It is the vision of all who have been consulted to make this facility one which all citizens in the city may be proud of and use.

Concept

International experience shows that successful cultural tourism infrastructure development is most often anchored in an important cultural display institution which has iconic architectural or heritage value. Cape Town’s positioning as a cultural capital warrants the development of a centre focusing on music. A major gap in the current cultural offering is a centre that focuses on music and music development. Regular programming around symphonic, choral, carnival, and jazz music would provide the destination with a unique resource for locals and tourists. The ideal place for such a centre is the City Hall, which is considered one of the best facilities for acoustic music forms in the country and is centrally located, near to transport. Furthermore, the City Hall lies at the heart of the planned East City/Grand Parade cultural hub, one of the distinctive and linked ‘precincts’ where creative industries and heritage or cultural sites are clustered.

Product proposition

Auditorium

It is proposed that the Auditorium be used in a more structured manner and earn more market-related revenue while, at the same time, be available for use by the broadest spectrum of Cape Town communities, including long-time associate the Cape Philharmonic Orchestra. From 2009–2014, the venue’s existing mix of music-related activities will be continued and extended. Some of the issues that need to be addressed to make the Auditorium sustainable and functional are:

- Auditorium: upgrade/improve seating, acoustics, sound/audio equipment, lights, staging, rostra etc.
- Programming: develop music events, ‘mini-seasons’ and partnerships in order to offer a variety of musical entertainment and attract wide audiences.

- Rehearsal space: make available space for orchestra and band rehearsals, master classes, workshops etc.

Mixed-use building

The Mixed-use building will be let to commercial and retail tenants on 5-year leases at reasonable rental rates. The tenants will be responsible for the cost of refurbishing their premises (under the control of the Company) while the maintenance of the common areas will be funded out of the City's maintenance budget. The tenant mix would include retail, services, studios and offices, with a restaurant, café / bar etc., if possible. Other activities in the building will include exhibitions, conferences, workshops and meetings.

- The ground and first floors of the building will be used for retail and services. The retail offering will include culture-related retail including possibly music stores, book stores, crafts, fashion and others.
- The ground floor will be used partially for services and storage to service both the City Hall (in terms of additional sound and technical requirements) and the 2010 Fan Park.
- The second and third floors will also be for office/studio/workshop rental, or (after 2010) a music school (a 'Fame' type academy), or a music/culture exhibition and will also house the City Hall Company and music-orientated and cultural organisations such as the Cape Philharmonic Orchestra.
- Appropriate space will also be made available for the City of Cape Town's 2010 World Cup Media Centre.

Certain sections of the Mixed-use building will be set aside for specific purposes, for example the Abe Bloomberg Room is reserved for Mayoral usage only. Certain areas within the City Hall are of exceptional heritage value. These include the old Council Chamber, Robing Room and Library as well as the Mayoress' Parlour, Banqueting Hall and Grand Staircase. They are viewed as exceptional opportunities if considered creatively and special attention will be given to these areas to ensure appropriate usage and accessibility by a wide range of the public.

These uses will be confirmed through the planning and consultation phase from June 2009 concluding in May 2010. The full nature of both the short and long term renovation and redevelopment will be confirmed by the Board of Directors ("Board") after extensive consultation and market research and will include appropriate responses to the heritage aspects of the building.

From 2014 onwards it is envisioned the City Hall will undergo extensive renovations to bring it in line with its broad vision. Short term leases entered into may be extended or not and the venue itself will emerge as a major landmark and iconic organization for the promotion of music and music heritage tourism in the country, Africa and the world.

Marketing

The potential pool of visitors is estimated at 4 million people of which a conservative estimate of 10% would result in 400 000 persons annually visiting the venue. This is similar to visitor numbers to other cultural tourism heritage sites in Cape Town. Forecasts in this business plan do not rely on the number of visitors to the City Hall. There is a growing interest in heritage and cultural experiences from both international and domestic tourists. A stakeholder analysis concluded that the City Hall's product offering *complements* rather than *competes with* other venues. There is enthusiasm amongst other entertainment venues in the City for the City Hall and precinct vision. Furthermore, the City Hall would meet the need for a 'semi-subsidised' venue where the Philharmonic

and Choral traditions of the city could have a regular space and the region's music (jazz as well as music of the continent) could be profiled in an appropriate manner.

The Centre will be positioned as venue with a clear identity – a music centre of quality that attracts a discerning clientele that is interested in music. Attributes of the centre will be: well managed, clean, secure, service-orientated and with access to sufficient parking.

The envisaged target markets are all equally important and inter-linked.

- The Auditorium needs to be suitably maintained and equipped to attract audiences willing to pay market-related ticket prices for entertainment. These audiences will include the local population as well as domestic and international tourists.
- In turn, more users will be attracted and prepared to pay market-related rentals for the hire of the space. These include current (e.g. Cape Philharmonic Orchestra, Philharmonia Choir, various Malay choirs) and potential users (e.g. event organisers). The Cape Philharmonic Orchestra has traditionally played in the Auditorium on designated Thursday evenings.
- Similarly sponsors and funders will be keen to be linked to a popular re-launched City Hall. Corporates looking to raise their profile, by supporting the City Hall, attach their names to high level events. Philanthropists who support arts and cultural events can also raise their profiles and network with other like-minded individuals.
- Tenants will want to be part of such a vibrant music centre. Having an appropriate tenant mix (from the music and entertainment, arts and culture industries and support services) will attract consumers, thus ensuring the tenants' economic viability and ability to fund monthly rentals.
- The City of Cape Town, which is responsible to taxpayers, will have a well-maintained and well-managed civic-owned facility that is used to its maximum potential and contributes to the City's positioning as a world-class destination.

Clients will be reached through word of mouth, strong events, rebranding, upgrading of the building, a PR campaign, a regularly updated website and a monthly e-newsletter sent to a growing database. In addition, there will be a block advert in daily newspapers and a tourism orientated campaign that ensures the centre becomes part of a tour packages. The City Hall will also benefit from the East City cultural precinct marketing.

Income and funding plan

The Company plans to tailor its expenditure so as not to exceed available fixed and variable income. In the short term, funding from the City of Cape Town's budget will cover property-related fixed operating expenditure. In the medium and long-term, such fixed operating expenditure and the overheads of the Company, will be covered by fixed income streams, with medium term rental agreements in place, and variable income streams, generated through events, exhibitions, conventions amongst others as well as through grants and sponsorships.

Rental income

There is approximately 3689 m² of lettable space but of this about 604 m² is not available for long term rents because, for example, of being dedicated to Mayoral usage, attached to the Auditorium venue or earmarked for offices of the Company. This leaves an effective 3085 m² (approximately) for short- and long term lets.

It is proposed that tenancing will commence from 1 July 2010, from which time a net rental rate of R66 per m² be charged, with 10% annual increments thereafter. The tenants will be expected to fund the initial maintenance of their lease areas, in exchange for below market rentals. As the City Hall is a declared provincial heritage site, the sensitivity of the building means that any installations and renovations would only be carried out with the

prior written approval of the Company and by its approved contractors. The renovations of the common areas would be at the expense of the Company, funded out of the City of Cape Town's annual operational budget.

Achieving the right tenant mix for the building is crucial. Although tenants will benefit from a location in a well-situated, landmark commercial building in exchange for below-market rentals, it may prove difficult to attract certain tenants initially due to the lack of certain amenities (e.g. lift access, IT infrastructure, restaurant-related services).

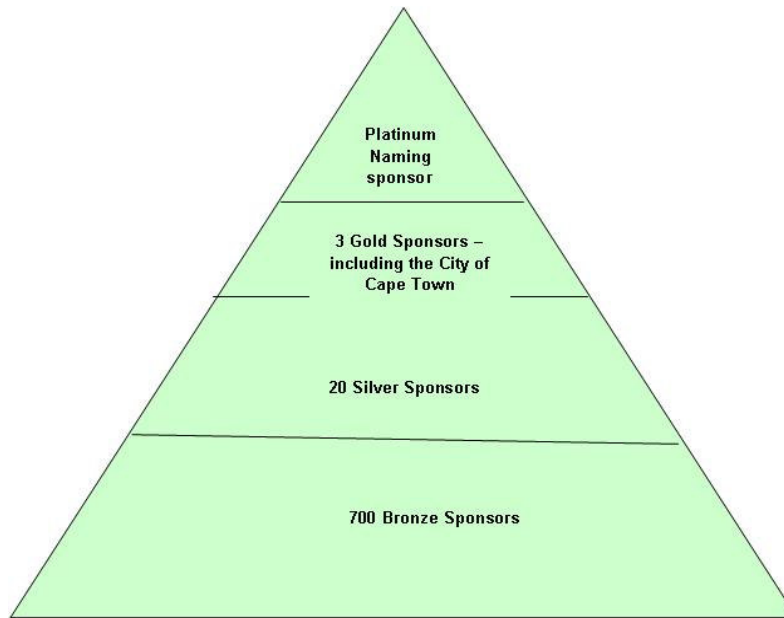
It is proposed that in the period 2009–2014, only minimal Auditorium-related building work is done to ensure the functionality of the building as a music centre, to allow for better access and flows and to improve security.

Description – Estimates for Auditorium only	Amount (Rands)
Paint passages (Auditorium and Mixed-Use building if budget allows), ventilate kitchen, upgrade bathroom, redecorate upgrade; D Bloomberg Room	250,000
Conservation Management Plan and Services Audit	200,000
Improve lift access, IT wiring, air-conditioning	245,000
Metalwork to store Auditorium seats	250,000
Acoustics	120,000
Trussing & fireproof drapes	250,000
Audio hardware	100,000
Audio wiring and communications system	300,000
Lighting	200,000
Staging and rostra	200,000
Rehearsal equipment	200,000
Other	185,000
Total	2,500,000

The exact interventions to be undertaken in the Auditorium will be informed by the outcome of the Conservation Management Plan and Services Audit. Unless funded by specific sponsorships, any additional interventions will need to be funded in the latter part of the first 5-years from revenues received.

Sponsorship and project-related funding

While the City Hall will cover a great deal of its operating and infrastructure costs through earned income and short-term operational budget funding by the City of Cape Town, additional sources of income will be required. Sponsorship will be sought in two ways: through a tier system of platinum, gold, silver and bronze sponsors as the diagram below illustrates:



In addition, project-related funding will be directed to flagship events and educational projects, for example 2/3-day festivals or seasons and ‘community music’ events targeted at tourists. These events will help rekindle interest in the City Hall as a serious centre for music and will also serve as marketing tools. It should be noted that this plan excludes in its financial forecasting the significant funding available for project related approaches. This will be strategically approached by the Company to help reposition the City Hall as a premier music space appealing broadly to the citizens of the city and to visitors – both of whom will be essential in making the space a success. The space will help reposition not only the East City where it is based (taking advantage of its location for 2010) but will also aid in positioning the City of Cape Town as a whole as a place of importance in the visitor economy.

City of Cape Town support

It is proposed that the City of Cape Town (“CoCT”) assist the centre by continuing its current level of support at least till 2014. Under the 5-year (2009-2014) management agreement:

- The CoCT will continue to cover the costs of services (electricity, water and refuse removal), staff, maintenance and renovations from its budget for a period of five years. The budget will be at least R3.5m in year 1, increasing annually thereafter by the greater of 10% and the CPI.
- The R 1 million Standard Bank grant will be passed by the CoCT to the Company to cover start up costs.
- All forms of income, including from rental of space and events and from sponsorships will be retained by the Company.
- The Company will allocate the first R450 000 of its annual Auditorium-related profit to compulsory capital expenditure/maintenance. This amount will increase annually thereafter by the greater of 10% and the CPI.
- Filming and photographic companies will rent the venue at market rates through the Company. Filming the outside façade (excluding the entrances) will be free through the events office of CoCT in consultation with the Company.

Between 2011 and 2012, a memorandum of understanding will be developed between the Company and CoCT to cover the period after 2014.

Financial projections

R'000		Year 1	Year 2	Year 3	Year 4	Year 5	Total
Income Statement - City Hall	Notes	Jun-10	Jun-11	Jun-12	Jun-13	Jun-14	
Total: Operating Income	1	828	2,976	3,841	4,235	4,656	16,536
City of Cape Town - budget allocation	2	3,500	3,850	4,235	4,659	5,124	21,368
Total - Donor, Grant and Sponsorship funding	3	0	3,000	3,000	3,000	3,000	12,000
Standard Bank initial grant	4	1,000	0	0	0	0	1,000
Total Revenues		5,328	9,826	11,076	11,893	12,780	50,903
Total expenditure funded per CoCT budget	2	-3,500	-3,850	-4,235	-4,659	-5,124	-21,368
Total Company expenditure not in CoCT budget	5	-1,000	-3,000	-2,776	-3,023	-3,296	-13,095
Guaranteed CAPEX spend out of Auditorium rental profits	6	-450	-495	-545	-599	-659	-2,747
Discretionary CAPEX spend out of annual surplus	7	0	-770	-785	0	0	-1,555
Total Expenditure		-4,950	-8,115	-8,340	-8,281	-9,079	-38,765
Gross Margin/(Loss)		378	1,711	2,735	3,612	3,701	12,138
Net Profit before interest expense [EBIT]		378	1,711	2,735	3,612	3,701	12,138
Interest income / (expense)	8	38	172	442	854	1,323	2,830
Earnings before Tax [NPBT]		417	1,883	3,178	4,466	5,024	14,968
Less: Taxation	9	0	0	0	0	0	0
Net Profit After Tax [NPAT]	10	417	1,883	3,178	4,466	5,024	14,968
Cumulative NPAT		417	2,300	5,478	9,944	14,968	14,968

Notes:

1. Total operating income comprises rental received from tenants in the Mixed-use building and from usage rentals (based on historic trends) for the Auditorium and related areas/concessions.
2. The funding by the City of Cape Town of the operating budget of the Company (including operational salaries, maintenance, contracted services, general expenses, internal utilities and insurance) at reasonable levels for a period of 5 years is a necessary cornerstone for the success of the City Hall business model.
3. Donor grants and sponsorship funding represents R3m per annum from corporate sponsorships.
4. Standard Bank has already made an initial once-off grant of R1m which funding will be necessary to carry the Company through its first year of operation.
5. The additional expenditure to be incurred by the Company includes letting commission, property management expense, fundraising commission, once-off marketing and PR launch expenses, the costs of the financial control, administration, marketing and PR and IT departments, ongoing marketing and PR costs, training,

operations, other utilities maintenance, office expenses and website maintenance, external advisors, travel and entertainment and a contribution to Executive Management time.

6. As part of the Company's commitment to upgrade the property and its facilities and as proposed to the City of Cape Town, it will allocate, to Capital Expenditure, fixed amounts of its profits earned from renting out the Auditorium.
7. The Company will allocate out of its operating profits, further Capital Expenditure required to upgrade the property and its facilities.
8. Interest is earned on cash balances on hand from time to time. The business model assumes that the Company will not be raising interest-bearing debt.
9. The Company is not expected to pay income tax, although it will be registered for VAT
10. Based on the stated assumptions, the Company is expected to operate profitably from 1 July 2009.

R'000	Year 1	Year 2	Year 3	Year 4	Year 5
Balance Sheet – City Hall	Jun-10	Jun-11	Jun-12	Jun-13	Jun-14
Accumulated Surplus / (Deficit)	417	2,300	5,478	9,944	14,968
Long Term Liabilities - External Finance	0	0	0	0	0
Equity and Long Term Debt	417	2,300	5,478	9,944	14,968
Current Liabilities	3	32	35	40	43
Total Equity and Liabilities	420	2,332	5,513	9,983	15,012
Current assets	420	2,332	5,513	9,983	15,011
Total Assets	420	2,332	5,513	9,983	15,011
Cash Flow					
Closing Bank / (Overdraft) balance	420	2,332	5,513	9,983	15,011

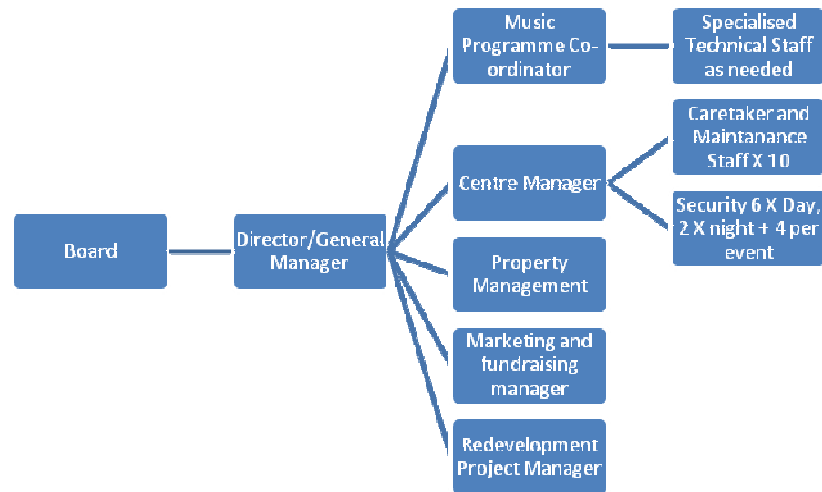
	Year 1	Year 2	Year 3	Year 4	Year 5
Ratio Analysis – City Hall	Jun-10	Jun-11	Jun-12	Jun-13	Jun-14
Profitability Measures as a % of Turnover					
EBIT %	10%	19%	20%	19%	17%
NPAT %	11%	21%	23%	23%	23%
CAPEX (R'000):					
Guaranteed CAPEX spend out of Auditorium Rental Profits	-450	-495	-545	-599	-659
Discretionary CAPEX spend out of annual surplus	0	-770	-785	0	0

Staffing

Staffing would be added incrementally starting with the employment of a General Manager followed by essential staff over a period of months.

Until such time as the Company is able to generate sufficient revenue to fund full time employees, assistance will be offered through the Board of the City Hall as well as through support by partners of the City Hall – amongst them the Cape Town Partnership, Central City Improvement District and Cape Town Heritage Trust.

The organogram below indicates the key staff/functions of the music centre in the first five years.



ACTION PLAN

Immediate strategy

1. By March 2009, confirm the 50-year lease arrangements with the City and a five year management plan.

A 50-year lease would be secured over the entire City Hall property (the Auditorium and the Mixed-use building) with effect from 1 July 2009 on the following basic terms:

- a. Nil rental payable for 50 years
- b. Nil rates payable for 50 years
- c. City of Cape Town commits to continue budgeting for and funding the City Hall operations for a total of 5 years, to the amount of R3.5m for the year ending 30 June 2010 and for 4 years thereafter increasing annually by the greater of CPI and 10%. Expenditure will be controlled by the Company and may be spent in different categories from that budgeted, but up to the R3.5m budget limit. Certain expenditure (such as insurance as well remuneration paid to staff employed by the City of Cape Town but working at the City Hall property) may be disbursed directly by the City of Cape Town to recipients and other expenditure (such as contracted services, security and repairs and maintenance) may be disbursed to the Company which will then pay such monies to the providers of such services.

Property expenditure - ex CoCT budget	Year 1 ending 30 June 2010 (Rands)
Remuneration Cost	R 1,450,000
Depreciation	R 0
Repairs and Maintenance	R 230,000
Contracted Services	R 240,000
General Expenses	R 640,000
Appropriation Account	R 0
Internal Utilities Expense	R 600,000
Insurance Departmental	R 340,000
Activity Based Costs	R 0
Total expenditure per CoCT budget	R 3,500,000

- d. Out of its Auditorium-related profits, the Company will commit to a minimum Capex spend of R450 000 for the year ending 30 June 2010, and for 4 years thereafter increasing annually by the greater of CPI and 10% (total = 5 years). Expenditure will be controlled by the Company.
- e. The Company will operate the City Hall as an independent entity bearing the risk of expenditure and the reward of income.

Motivation: The City of Cape Town commits to five years of expenditure and saves on the following 45 years of expenditure. The Company continues to provide the Cape Town community with access to the Auditorium but with an overarching management strategy in place.

External debt: The City Hall Company has no plans to raise interest-bearing external debt, as annual operating expenditure and Capex will be funded from revenue streams as described herein.

2. Establish the structure of the City Hall Company
 - Appoint new directors (by March 2009)
 - Confirm a chairperson of the Board (by March 2009)
 - Establish an Advisory Committee (by March 2009)
 - Appoint a General Manager (by April 2009)
 - Confirm staffing related to City Hall staff (by April/May 2009)
 - Establish a set of Patrons (by May 2009)
As internal sub-committees of the Board of the Company:
 - Establish a Finance and Fundraising committee (by May 2009)
 - Establish a Renovations committee (by May 2009)
 - Establish a Marketing and Communications committee (by May 2009)

Year 1 strategy – from July 2009

1. **Property:** Focus on the Auditorium and plan for its most effective use. Use the City of Cape Town 2009/2010 budget for staffing, cleaning, maintenance etc on the property, but with emphasis on the Auditorium. Research and plan the appropriate tenant mix for the Mixed-use building. Call for expressions of interest and launch a public participation process. Unless ad hoc tenants are secured and there is a cost benefit to the Company, the Mixed-use building may remain vacant for the first year with limited possible usage to enable positioning, branding and marketing of the City Hall. **Budget:** R3.5m. **Source of funding:** City of Cape Town.
2. **Infrastructure:** Commit Capex to basic Auditorium-related infrastructural upgrade, including painting of passages, kitchen ventilation, bathroom upgrades, and the redecoration of David Bloomberg room. Commission a Conservation Management Plan and Services Audit. **Budget:** R450k. **Source of funding:** Auditorium usage revenues.
3. **Bookings:** Maintain and improve current levels of bookings for the Auditorium, on a restructured fee schedule but with access for the majority of existing user base. **Budget:** Based on average historical usage trends at 57% per annum, R600k of revenue should be generated in Year 1 as from 1 September 2009, after allowing two months for limited refurbishment. **Source of funding:** The staffing overhead is included in the annual operational budget to be funded by the City of Cape Town.

4. Management: Establish the operations of the Company, commence with overlaying the management structures on the existing infrastructure and operations and to appropriately position the City Hall. **Budget**: R1million in total for the year for General Manager remuneration, financial control and administration, marketing and PR, adhoc personnel and training, general operating costs, office expenses, IT expenses and website maintenance, external advisors including legal, and travel and entertainment.. **Source of Funding**: Standard Bank grant. (Note that a Mayco application may be required for a change to the conditions of grant).
5. PR: Commence planning for all aspects of operations, fundraising and PR. Implement the website and a PR launch around an event/promotion in the Auditorium: **Budget**: Unknown but minimum R250k. **Source of funding**: Specific corporate sponsors to be approached.
6. Fundraising: Commence in earnest the sponsorship drive to raise at least R3m by the start of Year 2 and in this regard, appoint a professional fundraiser. **Budget**: No specific budget as this function will initially be carried out by the Cape Town Partnership in conjunction with the newly appointed General Manager of the Company. **Source of Funding**: Any sponsorships raised by the professional fundraiser will fund the commission payable on such fundraising.
7. Projects: Plan for and launch sponsored projects and performances centred in the Auditorium. **Budget**: Unknown. **Source of Funding**: Ticket revenues and corporate and other sponsorships.

Year 2 onwards strategy – from July 2010

1. Property: Continue to manage the property. Plan for most effective use of and then utilise the City of Cape Town 2010/2011 budget for staffing, cleaning, maintenance etc on the property, but with emphasis on the Auditorium as well as the Mixed-use building. **Budget**: R3.5m plus the greater of CPI and 10%. **Source of funding**: City of Cape Town.
2. Bookings: Maintain and improve current levels of bookings for the Auditorium, on a restructured fee schedule but with access for the majority of existing user base. **Budget**: Based on average historical usage trends at 57% per annum, R800K of revenue should be generated in Year 2. **Source of funding**: The staffing overhead is included in the annual operational budget to be funded by the City of Cape Town.
3. Tenants: Accommodate the City of Cape Town's 2010 World Cup Media Centre for 3 months. Install tenants into the Mixed-use building according to strategic tenant mix and appoint external property manager. Tenants to pay for their own installation and maintenance in exchange for lower rentals. Forecast starting gross rental is R66 per m2. Occupation of ground and first floors (possible retail) planned from 1 July 2010; occupation of second and third floors planned from 1 September 2010, after World Cup. **Budget**: Letting commission based on tenants who sign leases and property management fee based on rental collected: **Source of funding**: Rentals collected.
4. Infrastructure: Commit Capex to as much as possible of the following: improved lift access, IT wiring, air-conditioning improvements, metalwork and store of Auditorium seats, acoustics, trussing & fireproof drapes, audio hardware, audio wiring and communications system, lighting, staging and rostra, and rehearsal equipment. **Budget**: R1.265m. **Source of funding**: Auditorium usage revenues and net rental income from Mixed-use building.

5. **Management:** Fully establish the operations of the Company, with properly staffed Company and operations budget. **Budget:** R3m. **Source of funding:** corporate sponsorships.
6. **Projects:** Plan for and launch sponsored projects and performances centred in the Auditorium. **Budget:** Unknown: **Source of Funding:** Ticket revenues and corporate and other sponsorships.

PROBLEM STATEMENT

The City Hall, built in 1907, is one of the most significant public facilities and a major heritage asset in Cape Town's city centre. In the contemporary public eye, it is viewed as a place of culture and recognised as an important venue for musical performances, hosting regular concerts, especially symphonic and choral music. The City Hall fulfils various civic functions in addition to housing the well-stocked and frequented Central City Library.

As the well-known backdrop to events at the Grand Parade, it is perhaps best remembered as the venue from which Nelson Mandela first addressed Cape Town and South Africa, after 27 years of imprisonment. In addition to being an important element in the Grand Parade experience and an extension of Darling Street parades and activities, the City Hall is an integral part of Marathons, the Twilight Run, and the Minstrels Carnival amongst others. The City Hall also has a central role to play in the area's planned rejuvenation, especially in view of the current development of the Grand Parade which will be used as an official 2010 World Cup Fan Park.

Despite active use of the building and a R25 million renovation of its facade over a period of time from the late 1980's to the late 1990's, the City Hall is significantly under-utilised, poorly maintained and requires substantial refurbishment. The property consists of two distinct sections: the Auditorium and a Mixed-use building, neither of which are used to their full potential.

During 2005, the Cape Town Partnership initiated discussions that brought together important role players from the music industry, heritage sector, government and tourism and established a reference group to explore possible visions for the City Hall. In 2007, the City of Cape Town mandated the Cape Town Partnership to determine the feasibility of redeveloping the City Hall as a premier cultural centre with a focus on musical performance, heritage and tourism.

This business plan details proposals for utilising this landmark building to its full potential as a music performance facility, while generating self-sustaining revenue. It forms the backbone of the application by the Company to the City of Cape Town to enter into a 50-year lease covenant, commencing 1 July 2009. The plan draws upon and incorporates information from a significant study carried out previously by Ochre Communications and Urban Skywalkers. Ochre was involved with establishing a museum at the Constitutional Hill Development (part of the R460 million heritage site development comprising an integrated and sustainable multipurpose and multidimensional space) and with the Kliptown Museum (part of the R375 million Freedom Square development), and the team included the previous CEO of the Johannesburg Development Agency (JDA), Graeme Reid. The study confirmed the vision, market demand and buy-in of the Cape Town community for this project, as detailed in this business plan.

VISION

The City Hall Company's vision is that the City Hall will be a centre for performance, participation, experience, developing and learning of traditional, indigenous, contemporary and classical music. The City Hall will:

- Be used as a sustainable cultural centre for the City of Cape Town with an emphasis on the promotion of music. The centre will include performance venues, rehearsal space, educational facilities, retail opportunities related to music and culture, and supporting activities such as restaurants and bars.
- Be an important cultural tourism asset for the city. It will form the flagship of a proposed positioning of the East City as the first phase of a cultural hub in the Central City.
- Form an essential part in a 'town to township connection', ensuring marginalised communities (of all kinds) have a base in the city for the dignified performance of local music practices.
- Attract tenants centred on music and entertainment, arts and culture industries and support services, as well as on a range of mix use tenants that further the City Hall's positioning as a destination of cultural visitation.

The Mixed-use block has two lower floors which have been earmarked for retail tenants, whilst its two upper floors have been earmarked for a range of mixed uses with focus on public accessibility, including use in the lead up to and during the 2010 World Cup

The Business Plan is a five year plan towards a 50 year vision and proposes using the building in its current state with only limited and necessary renovations and upgrades in the first five years. Its strategy in this period (till 2014) is to:

- Position the space as a premier Music Centre for the citizens of the city and other visitors;
- Begin planning for a longer- term restoration and redevelopment project; and
- Raise the funds necessary to redevelop and operate the center independently on the city from 2014 onwards.

This strategy is founded on the global experience that new cultural facilities take roughly five years to properly establish a local donor base for massive capital upgrades and at least the same time to establish itself in the minds of locals and visitors alike as a destination. It is the vision of all who have been consulted to make this facility one which all citizens in the city may be proud of and use.

Use

A sustainable cultural centre for the City of Cape Town with an emphasis on the promotion of music, including performance venues, rehearsal space, educational facilities, retail opportunities related to music and culture, and supporting activities such as musical equipment rental and restaurants and bars. There will also be a number of culture related organisations housed in the centre.

The City Hall will provide the focus of relevant tourism and heritage attractions, introducing tourists to the rich and diverse musical heritage of the city and serving as a starting point for walking and bus tours of the city.

The centre will be an important cultural tourism asset for the city. It will form the flagship of a proposed positioning of the East City as the first phase of a cultural hub in the Central City. It will form an essential part in a 'town to township connection', ensuring marginalised communities (of all kinds) have a base in the city for the dignified performance of local music practices.

THE INDUSTRY AND THE BUSINESS

Culture has been used extensively in developing significant cultural tourism infrastructure in spatially-defined mega projects – often in central cities as a way of positioning cities for global competitiveness. International precedents dating from the 1960s and especially the mid-1980s include Bankside (London, UK), Newcastle-Gateshead (UK), the Esplanade (Singapore), Vancouver (Canada), Bilbao (Spain), the Raval (Barcelona, Spain) and Pelourinho (Salvador-Bahia, Brazil). In South Africa and specifically Johannesburg, approximately R2 billion has been spent since 2000 on cultural tourism mega projects. These include the Newtown Cultural Precinct, Constitutional Hill (Braamfontein/Hillbrow), Freedom Square (Kliptown), and Maropeng (The Cradle of Humankind).

In almost all of the aforementioned projects, the development has been anchored in an important cultural display institution to attract the key footfall to the area, which may have iconic architectural value, for example the Tate Modern, Guggenheim Bilbao and Sage Gateshead. The City Hall will be the major facility in the East City which will reach prominence during the 2010 World Cup.

Cape Town's cultural landscape

Since the 17th century, Cape Town has been a culturally diverse city. Initially inhabited by various first nations people such as the Khoi and San, the region was eventually settled and colonised by Europeans through the Dutch East India Company, and the City of Cape Town was established. A number of factors contributed to the growing diversity and creolisation of Cape Town:

- The importation of slaves from Africa, India and Indonesia.
- British occupation and the discovery of gold and diamonds in the interior, which attracted many more nationalities.
- Migration of Africans from South Africa and more recent migration from Europe and Africa.

As a result, Cape Town offers unique cultural diversity and complexity manifesting in various areas such as music, dance, language, dress, cuisine and traditional practices and religion. Cape Town is also increasingly a festival city, with a significant number of large and smaller scale cultural events and celebrations throughout the year.

Cape Town Central City

Cape Town Central City is now regarded as one of the safest, cleanest and most successful central business districts (CBD's) in the country. Private investment in the city continues unabated, with many new projects in the pipeline. In recent years, there has been a shift from residential conversions to office space development but a large number of residential and mixed-use developments continue and over 2 000 residents now live in the city centre. The Foreshore has re-emerged as a major financial, media, convention and business-related services centre and in the city a ground-floor retail revolution is underway. Significant public space upgrading adds to Cape Town's attractiveness.

A range of infrastructural and marketing projects planned for Cape Town are linked in differing ways to 2010 deadlines. These include improved transport access (especially the Bus Rapid Transit system), the Cape Town Station upgrade, connections to Cape Town

Airport, Fan Mile and Fan Park development, an upgraded pedestrian network, improved cultural and heritage sites, hotels and tourism services, retail and night-time economies, Cape Town branding and marketing

The East City cultural plan

The Cape Town Partnership's top five objectives including the promotion of the city centre as a significant knowledge hub, innovation, creativity and culture in Africa and the South. The City Hall is at the heart of the Cape Town Partnership's East City Cultural Plan and the flagship of the planned cultural hub in the centre of the city. Cape Town contains a number of distinctive and linked 'precincts' where creative industries and heritage sites or sites of cultural consumption are clustered. They include the East City/Grand Parade, the Company Gardens, the Central City, District Six, Bo-Kaap and Green Point. The Cape Town Partnership has chosen the East City/Grand Parade area as the first development area for the following reasons:

- (i) It boasts a number of publicly owned buildings and facilities, many of which (City Hall, Castle, Drill Hall, Good Hope Centre, The Granary) are already used or earmarked for cultural use.
- (ii) The Grand Parade redevelopment (R20 million), the Cape Town Station upgrade (R322 million for 2010) and the Drill Hall conversion into the Central Library are major public sector investments in the area, making it more attractive for business and for tourism.
- (iii) The relatively cheaper and more industrial nature of the area means a number of creative industries have clustered there, and there are significant cultural facilities such as the District Six Museum (and its R14 million extension in the Sacks Futeran building), The Assembly (live music venue), the Cape Crafts and Design Institute, the Fab Lab, The Book Lounge and The Distrix Café amongst others. The development of a galleries precinct at the edge of the area including major galleries such as The Goodman Cape, Michael Stevenson, Bell Roberts, and Blank Projects together with the District development by Ogilvy makes the area significant.
- (iv) It is close to a number of important educational institutions, including Cape Peninsula University of Technology and Cape College, relatively close to UCT Hiddingh Campus (visual and performing arts), and draws significant numbers of young people into the area.
- (v) It is the site of the major transport interchange in the city (buses, taxis, trains) through which a high volume of diverse peoples travel and is for many a central meeting point.
- (vi) Historically the area is significant: the City Hall and the Grand Parade have been sites of major political civic activity for decades; the Castle is the oldest colonial structure in the country; and the history of District Six played out on the border of the area.
- (vii) The area hosts the oldest flea market in the country and has a significant number of retail outlets for middle to low income earners, including the highly successful Golden Acre shopping centre.
- (viii) The District Six Museum is an important gateway to economic development in marginalised areas because of its existing role as the first leg of township tours and has been recognised as such through the Cape Flats Tourism Development strategy of The Provincial Government of Western Cape (2004).
- (ix) Building on the already high footfall in the area (transport and retail), including three successful cultural spaces (120 000 visitors per year to the Castle and 80 000 visitors to the District Six Museum), the development of the East City as a tourism attraction in the area would drastically increase the area's economic development potential.
- (x) Parking on the Grand Parade can be made available to long-term tenants in the Mixed-use building and is accessible by visitors thereto and to the Auditorium.

The concept

Cape Town's positioning as a cultural capital warrants the development of a centre focusing on music. A major gap in the current cultural offering is a centre that focuses on music and music development.

Such a cultural heritage component would enrich the Cape Town tourism experience and place the city firmly in Africa and the South. Regular programming around symphonic, choral, carnival, and jazz music would provide the destination with a unique resource for locals and tourists. Furthermore, the policy environment is supportive of such an initiative.

The ideal place for such a centre is the City Hall, which is considered one of the best facilities for acoustic music forms in the country and has for many years hosted predominantly music events of various kinds in its 950 capacity hall.

THE PRODUCT PROPOSITION

The Company's proposed innovative approach to the use of available space in the City Hall will enable this iconic building to be relaunched in a vibrant manner that is loyal to its history, yet takes into account the flavour of the present cultural mix in the city.

The Company will lease the property from the City of Cape Town on a 50-year lease. The City Hall will remain the property of the Cape Town City Council but responsibility for managing and controlling the development and upkeep of the property will pass to the City Hall Company.

The Company's plans will bring the City Hall back to life as the music hub of the city centre through an appropriate mix of commercial and retail tenants operating in and around the music and entertainment, arts and culture industries and support services, as well as office users. From 2009-2014, the Cape Town City Council will work in partnership with the Company to provide essential existing services and resources in order to ensure that the proposed centre establishes itself.

The City Hall consists of two distinct sections: the Auditorium and a Mixed-use building, which will both be developed to their fullest potential. It is proposed that the Auditorium be used in a more structured manner and earn more market-related revenue while, at the same time, be available for use by the broadest spectrum of Cape Town communities, including long-time associate the Cape Philharmonic Orchestra. The Mixed-use building would be let to commercial and retail tenants on 5-year leases at reasonable rental rates. The tenants would be responsible for refurbishing the premises while the maintenance of the common areas would be funded out of the City's maintenance budget.

Details of the costs involved are included under the section 'Economics of the Business' herein.

The Auditorium

In the last four years, the Auditorium's usage has been at 57% capacity, which is in line with other similar venues. However, the venue has lost out on high profile music events of all kinds because there has been no destination marketing or strategy, no standardised security, cleansing or catering services and a with a noticeable lack of renovations and upgrades. To a certain extent, due to a heavily subsidised rate, it has ended up a glorified community or "civic" hall.

While of great benefit to the many ad hoc users able to afford the cheap rentals, the venue has not provided a dignified and empowering platform for musicians from the city,

the province and elsewhere. Nor has it contributed to raising the quality of music provided to the people of the city and to visitors.

A four year study of the venue identified 57 regular clients of the Auditorium (see Appendix B) and the following 'music menu':

- Classical music events (the main and most consistent users of the hall being the Cape Philharmonic Orchestra and the Philharmonia Choir who account for roughly 50 days in total between them) including organ recitals.
- Traditional choral music (the most consistent users being Malay Choir boards – the Tafelberg Manne Koorraad and the Suidafrikaanse Koorraad).
- School and music school concerts (most consistently the Rustenberg Girls' High and Beau Soleil).
- Variety concerts.
- General music events, rehearsals and auditions including a high level biennale music event Miagi.
- Meetings and conferences.

It is proposed that from 2009–2014, the venue's existing mix of music-related activities be continued and extended. The venue will be improved so that it is able to attract and host a range of newer and high level events.

In order to make the Auditorium sustainable and functional, a number of key changes and issues will need to be addressed. The full details are contained in Appendix C but in brief, the following upgrades and programmes are required:

a) Functional Upgrades to the Auditorium

Seating

The current rigid, fixed seating configuration limits the versatility of hall configuration, and precludes usage of the venue for events where patrons expect to dance and move about. The first prize would be to install concertina seating banks but such investment would not be warranted during the first year operation. A workable alternative is to remove the seating rows manually (they unscrew) and adapt them with wingnuts or quickclamp systems, which will make the seats easier to remove. The upper gallery/balcony would be retained as a seated area and space in the building would be provided for storage of not-in-use seating.

Acoustics

The Auditorium has reflective qualities which enhance vocal and acoustic instrumental performance but a low frequency reverberation which seriously compromises music performances that use electric, amplified equipment. If the City Hall is to become an attractive option for a diversified range of music genres, this limitation needs to be addressed in the short term.

The simplest – and least obtrusive – remedy would be to facilitate and guide the options for short term PA/audio installation in the hall, as modern audio systems operate with greater efficiency when focused from a 'flown' or 'suspended' position. The provision of clearly marked load-bearing flying points would be a major step to facilitate safe and efficient suspension of trussing, whether for audio, lights or drapes. The installation of steel cable suspenders at critical points over the stage, measured and specified by a structural engineer would greatly enhance the operational versatility for the first 12-month period, and probably thereafter as well. Such facility would be a generic one, not limited to the hardware of a particular supplier or contractor.

Such an intervention would not actually alter the acoustics of the hall but it would allow for more efficient deployment of audio hardware within what is known to be a difficult environment. Acquisition of at least two trusses and fly-bars, for similar 'flown' installation, would allow for some dampening of acoustic reflections.

Sound / Audio

Basic audio equipment that allows for amplification of speeches or playback from a CD will be acquired. For the first two years (at least), major music events would be serviced by external contractors. The initial investment would be limited to 'low tech' infrastructure, or 'backbone', which should be generic to the widest range of users/contractors and facilitate rapid configurations as anticipated by a diversifying user base.

The equipment would include:

- 16 Channel audio mixing desk; 2 x flown loudspeakers; cabling, microphones and stands
- Running of multicore from stagebox to Front of House control position, possibly optical /digital routers, and including communications system from Stage to FOH.

Lights

Installation should be limited, again, to flying points and facilitation. At best, a set of second hand par cans x 24 would be purchased in first year. Specialised lighting and audio-visual equipment will be provided by a contractor as needed.

Staging, Rostra & Similar

It is suggested that a set of generic and modular Layher stage risers be acquired as the building block to a versatile stage configuration. These allow quick configuration, and low profile storage.

b) Strategy for flagship events to raise the profile of the Music Centre

Programming music events requires a separate budget, policy and funding/sponsorship. During the first year, the City Hall Music Centre will be unlikely to budget for more than an opening event. The repositioning of the City Hall will be achieved during the initial 12-month cycle through partnerships with other parties, including existing users.

An important first step will be a coherent and integrated marketing strategy, which augments rather than competes with the marketing conducted by users. The programme of events at the City Hall will be made available at all times via websites and similar vehicles.

It is proposed that mini-seasons be developed, as these are cost efficient and practical for planning and marketing purposes, as well suitable for the Auditorium's new spatial configurations. Equipment hire, venue dressing, branding and budgeting thereof will thus be focussed into manageable packages.

Some ideas for the mini-seasons include:

- Heritage Weekend target for launch – September 2009 (flagship event)
- Relationship with the Cape Philharmonic Orchestra on its existing seasons
- Relationship with Miagi (classical music festival – biennale)
- Possible tie in with Cape Town Festival (March/April) 2 – 3 day event
- Possible tie in with choirs, jazz and other music of the Cape (especially during the summer season over December/January aimed at tourists)

- Seasons in partnership with regular partners

In addition, innovative music initiatives, which diversify the musical fare on offer, will be targeted. An important theme to prioritise will be the profiling of African music artists, jazz and world music.

c) Rehearsal Room and Functionality

Rehearsal is key to exceptional performance, and space must be provided in any music centre. Rehearsal space is a facility in short supply in the city, whether for the Cape Philharmonic Orchestra or local bands. Space will be allocated for orchestra and band rehearsals, master classes and workshops and outreach programmes. The following equipment will be purchased for the rehearsals space: basic rehearsal PA (12 Channels, 2 speakers, 4 wedges), drum kit, backline/bass amp, 2-guitar amp, keyboard amp, RD type piano, music stands, partitions and risers. In addition the space will receive very basic acoustic insulation treatment and suitable lighting. Air conditioning of the space would be looked at later.

Some professional users would pay for short term hire of the resultant facility. Funding and sponsorship could be sourced, either for capital or subsidy purposes.

d) Workshop for Maintenance and Temporary Works

A functioning music centre will require a prop shop and maintenance facility with basic carpentry, metalwork and electrical capacities.

Mixed-use building

The ground floor of the building will be occupied by the Traffic Courts until June/July 2009. The ground and first floors of the building will from the second year of operation, be used for relevant retail and services. The retail offering will be in line with the positioning of the City Hall as a music centre and as a destination and will include culture-related retail including possibly music stores, book stores, crafts, fashion and others, including possibly a coffee shop.

The ground floor will also be used partially for services and storage to service both the City Hall (in terms of additional sound and technical requirements) and the 2010 Fan Park. This is to allow for access to the Grand Parade and for loading onto and off vehicles.

The second and third floors will also be for office/studio/workshop rental, or (after 2010) a music school (a 'Fame' type academy), or a music/culture exhibition and will also house the City Hall Company and music-orientated and cultural organisations such as the Cape Philharmonic Orchestra.

Appropriate space will also be made available for the City of Cape Town's 2010 World Cup Media Centre.

Certain sections of the Mixed-use building will be set aside for specific purposes, for example the Abe Bloomberg Room is reserved for Mayoral usage only. Certain areas within the City Hall are of exceptional heritage value. These include the old Council Chamber, Robing Room and Library as well as the Mayoress' Parlour, Banqueting Hall and Grand Staircase. They are viewed as exceptional opportunities if considered creatively and special attention will be given to these areas to ensure appropriate usage and accessibility by a wide range of the public.

Exhibition/conference/workshop/meetings/rehearsal space

Between December 2008 and August 2010, area within the Mixed-use building will be set aside for a mixture of exhibitions, conferences, workshops/ meetings/rehearsal space. Thereafter the spaces will revert to Mixed-use including relevant office/studio/workshop rental. The usage of the space will depend on partnerships, fundraising and other imperatives which will emerge by 2010.

The following projects, among others, may be allocated space in the building:

- January 2009: Cape Minstrels on Tweede Nuwe Jaar – VIP event and viewing site.
- March/April 2009: Cape Town International Jazz Festival Educational and Master Class Programme. Offering this major event a regular programme provides the possibility of repositioning the space.
- June/July 2009: Cape Town International Book Fair – possible event attached to the event at CTICC.
- 24 September 2009: Cape Town Marathon – VIP Function.
- 25/26/27 September 2009: the Loeries registration and welcome party. To be a key lounge area for the Loeries registration in support of the event at the Good Hope Centre and site for a welcome party by the Mayor's office.
- December 2009–February 2010 Spier Contemporary art exhibition. This is a major national contemporary art exhibition and will raise the profile of the centre as it is a highly regarded and well attended exhibition lasting 3 months. The Exhibition will ensure major renovations to the space.
- March–April 2010: Cape Town Partnership exhibition attached to the Central City Development Strategy – *Imagining the City*. Exhibition would be done with UCT's City Lab and Design Companies.
- May–July 2010: The Black Pharaohs – an exhibition attached to World Cup 2010.

Office/studio/workshop rental

A number of music orientated and cultural organisations will be given an opportunity to rent the venue in its first few years (from mid-2010 in particular) at lower than market rentals. Renovations will take place at the cost of the organisations within frameworks of restoration given by the company.

The organisations renting these spaces may be as follows:

2009 / 2010 – Empty

2010 / 2011 – the City of Cape Town's 2010 World Cup Media Centre (ftom May to August 2010)

2010onwards: Cape Philharmonic Orchestra and others

MARKET RESEARCH AND ANALYSIS

In assessing potential market demand for a redeveloped City Hall, two key market factors were considered: the tourist market and the resident market.

Market size and trends

The potential pool of visitors has been estimated to be 4 million people (see graph below). Of these, a conservative estimate of 10% would result in 400 000 persons annually visiting the venue, which correlates favourably with the Robben Island Museum's visitor numbers for 2006. The financial forecasts contained in this business plan do not depend on the number of people visiting the City Hall over any period.

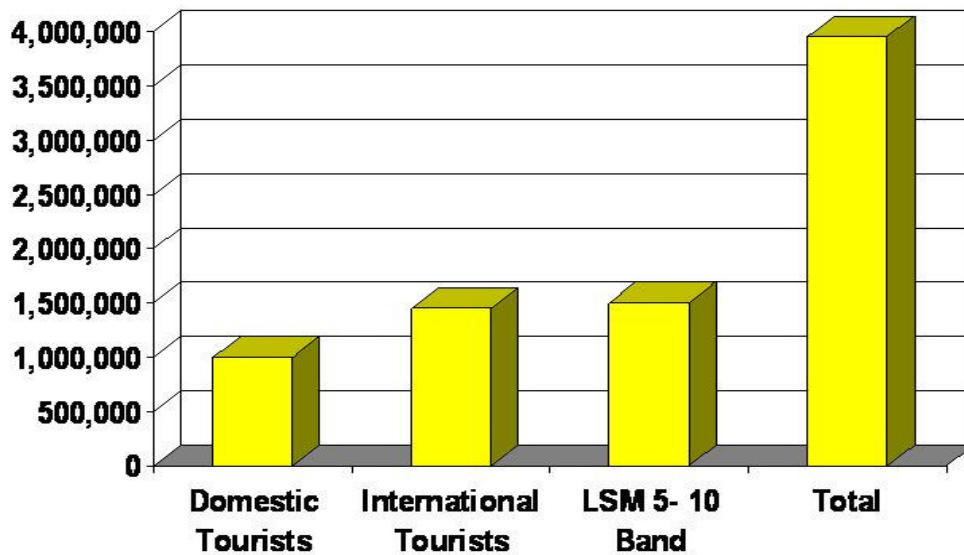


Figure 1 Visitors to Cape Town 2007

The market demand analysis recognised that:

- Both international and domestic tourism trips to the Western Cape and Cape Town have grown consistently in recent years.
- The market profiles (source markets, key market segments, product preferences and purpose of travel) of both domestic and international tourists to the Western Cape and Cape Town favour increased use of cultural experiences and heritage products.
- The Western Cape's nightlife (theatre, restaurants and nightclubs) appeal to both domestic and international visitors, with stronger interest from international tourists.
- International tourists are increasingly interested in participatory and insightful tourism products that capture and portray the spirit of the destination and its people. South Africa's current cultural tourism product is still relatively weak in this regard.

Although the levels of consumption of heritage and cultural experiences are comparatively low, market interest in and use of these products are increasing. The analysis of tourism market profiles and trends indicates that a redeveloped City Hall that offers cultural and heritage experiences typical to the Cape within the context of Africa and the South is likely to appeal to both international and domestic tourists.

Competitive analysis

During the study carried out by Ochre Communications and Urban Skywalkers, interviews were held with a wide cross-section of stakeholders, including potential competitive venues such as Artscape, the Baxter and the Good Hope Centre. The study's stakeholder analysis concluded that the City Hall's product offering *complements* rather than *competes with* other venues. There was a general enthusiasm for the City Hall and precinct vision and support for the proposed mix of music venue with tourism, retail, heritage, cafés and arts and craft venue and performance. Cape Town Tourism noted that the venue could be a valuable addition to the existing assets of the city, especially during non-peak months.

Currently the major spaces for music events are the Artscape Theatre and Opera House and the Good Hope Centre (City), the Baxter (Rondebosch) and the Velodrome (Bellville).

Some smaller venues (e.g. Armchair Theatre, Mannenberg Jazz Café) have closed but this has been compensated by the resurgence of live music in other venues (The Assembly and Zula Bar). The City Hall could meet the need that exists for a 'semi-subsidised' venue, which would enable the Philharmonic and choral traditions of the city to have a regular space and the region's music (jazz as well as music of the continent) to be profiled in an appropriate manner.

Interviews were held with individuals in the following areas:

Type	Interviews	Details
Tertiary institutions	1	UCT Drama and Magnet Productions
Key individuals/ organisations in the cultural sector	7	Boyambu Productions, Seratorin Productions, Swiss Council – Pro Helvetia, Creative Cape Town, Brendon Bussy, Julian Jonker, Zayd Minty
Music organisations	15	Cape Malay Choir Board, The Christmas Choir Board, Zolani Centre in Nyanga, Cape Town Jazz Festival, Edu-Jazz. The Cape Philharmonic Orchestra, Heal the Hood (Hip Hop), Athlone Music School, Arts Vibrations 2 (youth organisation in Ocean View), Ubuhlanti Cultural Centre (Masiphumalele), Leyola Cultural Centre and Ikwezi Cultural Centre (Guguletu), Sosebenza Centre (Kommetjie), Konnek (music for youth in Ottery), Boyambu Productions
Tourist agencies	2	Cape Town Tourism, Coffee Beans Route
Museum and heritage agencies	4	The Castle/Iziko Museums, UCT Heritage and Curatorial Studies, Goodman Gallery, District 6 Museum

Figure 2 Stakeholder analysis from Ochre research 2007

Summary of findings

Market demand analysis suggests that a demand exists from local residents, domestic tourists, if properly marketed, and international tourists. The opportunity for a Centre for Music is supported by the comparative analysis, Cape Town's positioning as a creative city, the diverse, unusual and established music base and an exceptional, intangible heritage in respect of the music of first nations people. In addition, the utilisation rates of current venues reinforce the need to develop strong learning and participation base.

The City Hall and its excellent acoustics make it ideal as a venue for musical exploration. Its location at the nexus of transport provides an important opportunity. A Centre for Music Performance that operates from, in and beyond the confines of the City Hall, running programmes to explore and develop musical heritage and innovation in diverse communities will in so doing:

- Promote cultural discovery, convergence and cross-over.
- Ensure an important cultural tourism venue to position Cape Town as a unique and important city in the global cultural circuit.
- Form the flagship of the cultural hub that is the central city.

ECONOMICS OF THE BUSINESS

Rental of Mixed-use building

There is approximately 3689 m2 of lettable space but of this about 604 m2 is not available for long term rents because, for example, of being dedicated to Mayoral usage, attached to the Auditorium venue or earmarked for offices of the company. This leaves an effective 3085 m2 (approximately) for long term lets.

Certain rooms within the City Hall are of exceptional heritage value and include the old Council Chamber, Robing Room and Library as well as the Banqueting Hall and Grand Staircase. Special attention should be given to these areas to ensure appropriate usage and accessibility by a wide range of the public. These rooms should be viewed as exceptional opportunities that can generate higher than normal rentals if considered creatively as very special venues. However, for the purpose of the business plan a rental of R 66 per m2 has been assumed, which is on- or below-par with the commercially available spaces.

It is proposed that a net rental rate of R66 per m2 be charged, with 10% annual increments. This rental rate assumes that tenants, as part of 5-year lease covenants, will fund the cost of their installations and any limited renovations necessary to make the premises suitable for their needs, and that the reasonable time required to do so will be rent-free to such tenants prior to commencement of the 5-year periods. Due to the sensitivity of the building, any installations and renovations would only be carried out with the prior written approval of the Company and by its approved contractors. The renovations of the common areas such as walls, ceilings and floors in the passages, entrances, stairwells and lifts would be at the expense of the Company.

It is a standard practice in property management and investment that tenants contribute towards the costs incurred in operating and maintaining the interior of the property as a whole. Recoveries of operating costs include maintenance, security, management, council (such as electricity and water consumption, refuse and sewerage) and insurance costs. It is envisaged that these costs would only be passed on to tenants if their total rentals (basic rent plus operating costs) were equal to or below market rentals.

Annual escalations on rental income would be set at 10% per annum. The gross rental income, inclusive of operating costs, is forecast as follows:

Total fixed rental income

Year	Year end occupancy	Area let (m2)	Rate per m2 (Rands)	Ops Costs charged per m2 (Rands)	Total Income. (Rands)
1 (2009/10)	0%	0	60	0	0
2 (2010/11)	100%	3,085	66	0	1,863,048
3 (2011/12)	100%	3,085	73	0	2,611,567
4 (2012/13)	100%	3,085	80	0	2,872,724
5 (2013/14)	100%	3,085	88	0	3,159,996

The variety of possible configurations of the office areas allows for a wide appeal to prospective tenants, although such tenants will also be expected to fund the initial maintenance of their lease areas, in exchange for below market rentals. Achieving the right tenant mix for the building is very important.

Although tenants will benefit from a location in a well-situated, landmark commercial building in exchange for below-market rentals, it may prove difficult to attract certain tenants initially due to:

- The lack of restaurant-related electrics, waste, water and ventilation in the property which may limit its appeal to food and beverage-related tenants.
- The lack of adequate lifts and IT infrastructure may deter certain office users.
- The need to access capital to fund initial maintenance work may reduce the number of prospective tenants.

Developing the City Hall

The City Hall should be developed in a way that maintains its heritage value but ensures it is a sought after venue for visitors and tenants, thereby ensuring its ongoing sustainability. Its beauty and grandeur should be enhanced by tasteful and appropriate restoration. A full architectural and restoration plan will be developed.

The interior of the building requires major restoration work but a full investigation of the building may reveal that the exterior also requires work. The exterior was recently restored but only once the lease of the City Hall has been secured will the professional consultant team, led by Rennie Scurr Adendorff Architects, be in a position to provide accurate cost estimates based on the scope of work required for the building.

It is proposed that in the period 2009–2014 only minimal building work is carried out to ensure the functionality of the building as a music centre, to allow for better access and flows and to improve security.

Suggested internal work

Description (Estimates only for the Auditorium)	Amount (Rands)
Paint passages (Auditorium and Mixed-Use building if budget allows), ventilate kitchen, upgrade bathroom, redecorate upgrade; D Bloomberg Room	250,000
Conservation Management Plan and Services Audit	200,000
Improve lift access, IT wiring, air-conditioning	245,000
Metalwork to store Auditorium seats	250,000
Acoustics	120,000
Trussing & fireproof drapes	250,000
Audio hardware	100,000
Audio wiring and communications system	300,000
Lighting	200,000
Staging and rostra	200,000
Rehearsal equipment	200,000
Other	185,000
Total	2,500,000

The exact interventions to be undertaken in the Auditorium will be informed by the outcome of the Conservation Management Plan and Services Audit. Unless funded by specific sponsorships, any additional interventions will need to be funded in the latter part of the first 5-years from revenues received.

Heritage conservation and management

The City Hall is a declared provincial heritage site and as such enjoys specific protection in terms of the National Heritage Resources Act of 1999. All work done to the building will require a permit from Heritage Western Cape, as well as the approval of the Heritage Resources Section (“HRS”) of the City of Cape Town. The Cape Town Heritage Trust is

working closely with the HRS of the City and has agreed that one of the first priorities will be the development of a Conservation Management Plan for the City Hall. This plan forms an important part of the future management tool for the City Hall and contains the Statement of Significance of the building, identifies areas of sensitivity and areas where interventions may take place (which will inform the positioning of activities within the building), and sets out a repairs and maintenance schedule that will guide the formation of future maintenance budgets. In addition to this plan a services audit will be performed (all prior July 2009) and the total cost of such plan and audit has been included in the capital expenditure budget described above.

Income and funding plan

The City Hall Company plans to tailor its expenditure so as not to exceed available fixed and variable income. In the short term, funding from the City of Cape Town's budget will cover property-related fixed operating expenditure. In the medium and long-term, such fixed operating expenditure and the overheads of the Company, will be covered by fixed income streams, with medium term rental agreements in place, and variable income streams, generated through events, exhibitions, conventions amongst others as well as through grants and sponsorships. In addition it is proposed that the City of Cape Town assist the centre by continuing its current level of support in respect of staffing as well as maintenance, renovations and services budgets at least till 2014.

Type of income	Potential Source	Comments
Revenue	<ul style="list-style-type: none"> • Annual property-related operational funding by the City of Cape Town for 5-years • Rental of the Auditorium for events • Rental of spaces previously used as offices and for the library as either office, retail, catering, meeting, exhibition and storage (either one form or a balance of these) • Fixed rentals and/or turnover clauses from concessions (food and drink) • Ticket prices – flagship events • Rental of space for film and photographic shoots • Other – merchandising, tuition fees, publications, products etc. 	<p>Not included in the financial forecasts:</p> <ul style="list-style-type: none"> • Ticket prices (expected to be breakeven events) • Rental of space for film etc. • Other – merchandising etc.
Grants from the public sector	<ul style="list-style-type: none"> • National Government – project related and whether possible infrastructure or operating expense orientated • Provincial Government of the Western Cape – project related • Local Government, City of Cape Town – operating expenses, infrastructure and contribute towards subsidising use by marginalised groupings • Public sector associated bodies – contribute towards projects and operating expenses • Cultural Innovation Funds – contribute towards projects and operating expenses 	<p>The following grants are not included in the financial forecasts (as negotiations are often protracted and uncertain):</p> <ul style="list-style-type: none"> • National Government • Provincial Government • Public Sector • Cultural Innovation Funds

Type of income	Potential Source	Comments
Grants and Sponsorships from the private sector and non-profit sectors	<ul style="list-style-type: none"> • International Foundations – project related • International Culture Funds – project related • National Foundations – project related, operating costs • Corporates – project related, operating costs Individual Donors/Friends of society – operating costs, infrastructure	The following grants are not included in the financial forecasts: <ul style="list-style-type: none"> • International Foundations • International Culture Funds • National Foundations

Possible sources of funding/financing

The table below indicates the most likely sponsors/funders in each category based on the current climate. Of these, a number of additional corporates may be interested in the project but would require substantial cultivation.

Table 1: Potential Sources of Funding for Culture and Creativity

Potential Sources of Funding/Financing	Major funds
<i>National Government</i>	Department of Arts and Culture (DAC): Invest in Culture (project orientated). DAC distributes R260 million to institutions and projects including to the NAC, ACT, NHF, NFVF and BASA (see below).
<i>Provincial Government</i>	Premier's Office, Western Cape Cultural Commission, Department of Economic Development and Tourism, Expanded Public Works Programme (EPWDP), Department of Cultural Affairs and Sport.
<i>Local Government</i>	Grant-in-aid, Mayor's office, Tourism Development, Economic Development and Tourism.
<i>Public Sector related</i>	Cape Town Tourism, Cape Town Routes Unlimited
<i>Nationally Focused Cultural Innovation Funds</i>	National Arts Council (NAC), The National Lottery Development Fund, Business Arts SA (BASA), Arts and Culture Trust (ACT), National Heritage Fund.
<i>Provincially focused cultural support foundations</i>	Cape Tercentenary Foundation, Grand West Heritage Fund.
<i>International Foundations (non culture specific but with cultural support angles)</i>	These include: The Ford Foundation, Mott Foundation, HIVOS. Raith Foundation (music).
<i>International Cultural Funds (providing support for cultural exchange largely)</i>	The most significant are: Pro Helvetia (The Swiss Arts Council in SA), The British Council, The French Institute (IFAS), The Royal Netherlands Embassy, SIDA (Sweden), Prince Claus Fund, African Moves, Africalia.
<i>Major National Foundations (non culture specific)</i>	Amongst others: Tourism Enterprise Project (TEP), National Development Agency (NDA), Nelson Mandela Children's Foundation, Umsomvobu Youth Development Fund, Kresge Foundation .
<i>Corporates</i>	Various, usually from Marketing or Corporate Social responsibility funds. Corporate giving to the arts is limited to a few companies. Significant funders of culture include: First National Bank, Standard Bank, Old Mutual, Woolworths, Vodacom, Cell C, MTN, Nandos, Hollard, Spier

Potential Sources of Funding/Financing	Major funds
<i>Local Sources</i>	Individuals form a large potential donor pool and include wealthy philanthropists as well as ordinary people who often give as 'friends of' societies or are members of loyalty clubs that give in exchange for some form of benefit as well as ongoing communication. The Orchestra, Ballet, Library, National Gallery etc all have long established 'Friends of' societies

Funding and sponsorship plan

While the Company will cover a great deal of its operating and infrastructure costs through revenues received, additional sources of income will be required. As part of its marketing department, the Company will set up a funding and sponsorship function. It will take a number of years to develop an effective funding and reporting system and a minimum of one operating year before significant yields can be seen.

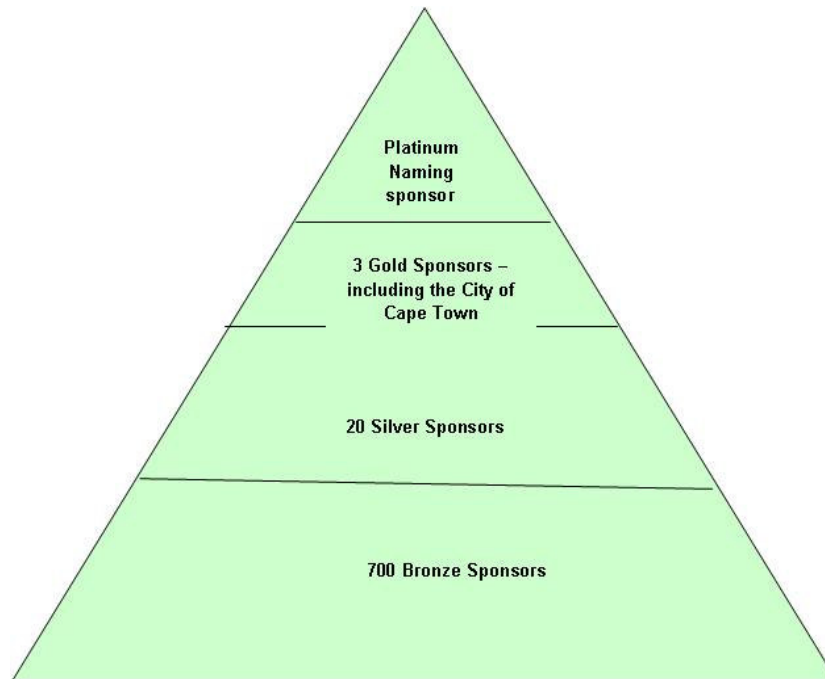
Therefore, during this initial period, this function will run through the Board, driven/facilitated by the General Manager with the support of a special committee, a commission-rewarded professional fundraiser and a team of volunteers. A full-fledged full time funding and sponsorship function should ideally be in place by July2010 at the latest.

A significant feature of funding and sponsorship management is the ability to recognise the support of donors and to cultivate a group of loyal ongoing donors who are cared for as significant benefactors. A focused and small group of high level funders who are highly recognised would be supported by a number of medium and small donors.

There are two main ways of dealing with the recognition of financial contributions. The first is a tier system attached to funder acknowledgment around the building and operating costs. The second is a system for managing project-orientated funders around a focused and clear project-orientated approach to take advantage of donor agencies who predominantly support projects.

Tier system funding

A four tier system of funding and sponsorship is proposed (see diagram below); each tier with benefits to enable strong recognition by the public. It is estimated that the tier system, running at an optimal level of 100% at minimal funding, would earn approximately R3 million annually commencing Year 2, ie from 1 July 2010, which is reflected in the financial forecasts.



Tier	Benefits
<p><i>Platinum</i> (naming rights sponsor) A single sponsor whose significant contribution for a contract period of no more than 5 years (2009–2014) will ensure its name being associated with the City Hall Auditorium (or other appropriate spaces) at all times.</p> <p>The financial input would be in the region of R5-10 million (no less than R1 Million per annum), excluding value adds.</p> <p>This amount has not been included in the financial forecasts</p>	<ol style="list-style-type: none"> 1. Brand the City Hall Auditorium with the sponsor's name on all signage, on letterheads, in all media (electronic and print) and PR, on advertisements, on third party advertising (as a requirement). Logos will appear wherever appropriate including on websites and letterheads. These naming rights may be suspended during the 2010 World Cup. 2. A dedicated box at the City Hall next to the Mayor's box including free tickets to all events (to the capacity of the box). 3. Opportunity to use the Abe Bloomberg Room after events for receptions, with or without the Mayor's presence 4. Naming credit on a sponsors' board in the foyer. 5. Opportunity for a place on the Board for the period of the contract 6. Opportunity to connect the brand with the space (in negotiation)

Tier	Benefits
<p><i>Gold sponsors</i> A minimum of three and a maximum of five gold sponsors. This will include five sponsors who would need to be sought and will include the City of Cape Town (who will not pay directly for this recognition, but rather through the provision of a 5-year operating budget).</p> <p>The financial input would be in the region of R500 000 in cash annually (but not including value adds) per gold sponsor. The contract would be one or 5 years (no later than 2014).</p> <p>The financial forecasts assume annual receipts of sponsorship from 2 paying Gold sponsors</p>	<ol style="list-style-type: none"> 1. Acknowledgment in all media (electronic and print) and PR of the company events and programmes. Logos will appear on the bottom of the letterhead as well as on the website marked as gold sponsors 2. Mention in press releases and PR for events and projects associated with the company but not on those associated with third parties 3. A branded box at the City Hall with tickets for selected events (at least 20 per year) 4. Invitations to special receptions in the Abe Bloomberg Room when attending selected events. 5. Opportunity for name to be included on the sponsors' board for the period of the contract marked as a gold sponsor. 6. Opportunity to connect the brand with the space (in negotiation)
<p><i>Silver sponsors</i> A maximum of 20 sponsors. This would include sponsors who would be identified (see below) for project funding.</p> <p>The financial input would be in the region of R80 000 per annum.</p> <p>The financial forecasts assume annual receipts of sponsorship from 20 Silver sponsors</p>	<ol style="list-style-type: none"> 1. Acknowledgment in relevant media (electronic and print) and PR for programmes or area of support. Logos will appear on the website marked as silver sponsors – size of logo would depend on extent of input. 2. Between one and six double tickets for selected events (at least 5 per year) depending on extent of support. 3. 30% Discounts for other selected shows for 5 double tickets at a time. 4. Invitations to attend 1-5 special receptions at the Abe Bloomberg Room (at least one with the Mayor and Platinum sponsor). 5. Opportunity for name on the sponsors' board in the foyer for the period of the contract marked as a silver sponsor.
Tier	Benefits
<p><i>Bronze sponsors</i> A minimum of 700 sponsors and a maximum of 900 sponsors.</p> <p>The annual financial input would be from R1 000 in cash and will probably take the form of the sponsorship of a seat in the Auditorium.</p> <p>The financial forecasts conservatively assume annual receipts of sponsorship from 400 paying Bronze sponsors.</p>	<ol style="list-style-type: none"> 1. Acknowledgment in the website in text and in a special press release where appropriate 2. One set of double tickets for one special funders' event with an opportunity to mingle with the Mayor and 1 set of double ticket for those above R5000 with an invite to a special reception at the Abe Bloomberg Room. 3. 10% Discounts for other selected shows up to 20% for those above R5000 for 5 double tickets at a time. 4. Opportunity for name on the sponsors' board in the foyer marked as a bronze sponsor. 5. Free SMS notifications of events.

Project-related funding

Project funding will be directed to a flagship event programme as well as to educational projects. Flagship events will help rekindle interest in the City Hall as a serious centre for music and would serve as marketing tools. Each event would have its own media and related promotions, and funders will receive high level exposure in addition to receiving silver status sponsorship recognition.

The following flagship events will be fostered:

1. Two special two–three day festivals/seasons run by the centre itself that includes support for one significant biannual music festival (Miagi) run from outside the centre.
2. A special season of tourism-orientated 'community music' events over the December/January period aimed at promoting heritage tourism. This period is traditionally a low bookings one for the centre but high season for tourism. The special season would focus on the music of the Cape and work in collaboration with special funders and tour operators with the aim of:
 - (a) raising the profile of the music of the Cape; and
 - (b) raising funds (profit orientated) for the music promotional side of the centre.
3. Other one-off events as possible, but subject to the objectives 2(a) and 2(b) above being adequately met and including one event aimed specially at bronze sponsors (see tiers above)

Given the current climate of donor funding, it is estimated that between R300 000 and R2 million can be raised through project-related funding, of which up to 10% (ie between R30 000 and R200 000) would go towards the operating/fundraising costs – the balance would go to the events themselves. These amounts have not been included in the financial forecasts.

City of Cape Town proposed support

(Nature of assistance from City other than accommodation)

Phase 1: 2009 – 2014

The City Hall Company is requesting a management relationship between the Company and the Cape Town City Council (CoCT) for five years: from 1 July 2009 and to 30 June 2014. The agreement will cover the support by the CoCT in the following areas:

1. Services: The CoCT will cover the electricity, water, maintenance, insurance, refuse removal costs of the centre and other property-related expenditure (see table herein) at an amount of R3.5m in the 2009 / 2010 year with annual increments thereafter at the greater of 10% and CPI.
2. Staff: The CoCT usually deploys a team of staff to manage and maintain the City Hall, ensuring events take place, keeping the venue clean, the clock working and doing basic repairs as necessary.

There is currently a skeleton staff of four but the proposed (and ideal) staffing complement is 12 (the previous staff complement was 14). The Company proposes that the existing 4 CoCT staff who know the venue intimately, continue to be employed by the CoCT but report directly to the City Hall Company and that any additional staff be employed by the Company but that their remuneration is funded out of the City of Cape Town annual property operating expenditure budget. The legalities of the relationship of CoCT staff to the company, the reporting lines and job description adjustments, would require the support of CoCT legal and human resources staff.

3. Maintenance, repairs, renovations and capital works: The CoCT is asked to transfer the annual maintenance, repairs, renovations and capital works budget to the City Hall Company for the next five years (see table above).
4. The R 1 million Standard Bank grant should be passed by the CoCT to the Company to cover its start up costs.
5. All income from rental of space and events during this period would be retained by the City Hall Company for its account. Fees will be increased appropriately to ensure profitability and consistency with security and cleansing for events at the venue. This will inevitably displace some existing users who may have rented the Auditorium on a per hour basis, whereas the proposed business model calls for a daily rental. Lower rentals will be charged from Monday to Thursday (R3500 per day) and will be further discounted by 10% to community organisations and Not for Profit organisations and the Cape Philharmonic Orchestra.

Usage on Fridays, Saturdays, Sundays, Public Holidays and the days before Public Holidays will attract a premium rate of R4000 per day, with no discounts available. Furthermore, any organisation, including community and Not for Profit organisations, are free to approach their own sponsors and the Mayor's Office for financial assistance to cover the rentals for use of the Auditorium.

6. Filming and photographic companies will be expected to rent the venue at market rates through the City Hall Company. Filming the outside façade (excluding the entrances) will be free through the events office of CoCT in consultation with the City Hall Company

Phase 2: 2014 onwards

Between 2011 and 2012, a memorandum of understanding will be developed between the City Hall Company and CoCT to cover the period after 2014. This memorandum will cover the continued management of the City Hall by the Company and its responsibilities.

City of Cape Town Historical Property Expenditure on The City Hall

Property expenditure - ex CoCT budget	2005/06 Actual	2006/07 Actual	2007/08 Actual	2008/09 Budget	2008/09 Extrapolated based on Oct 2008 Actual	2009/ 10 (Proposed)
R'000						
Remuneration Cost (Staff)	673	1,770	964	861	1,448	1,450
Depreciation	Excluded from calculation	Excluded from calculation	Excluded from calculation	Excluded from calculation	Excluded from calculation	0
Repairs, Maintenance, Renovations and Capital Works	590	508	874	289	227	230
Contracted Services	512	794	33	241	241	240
General Expenses	432	307	738	350	640	640
Appropriation Account	Excluded from calculation	Excluded from calculation	Excluded from calculation	Excluded from calculation	Excluded from calculation	0
Internal Utilities Expense	9	36	242	98	619	600
Insurance Departmental	285	310	331	337	336	340
Activity Based Costs	Excluded from calculation	Excluded from calculation	Excluded from calculation	Excluded from calculation	Excluded from calculation	0
Total expenditure per CoCT budget	2,501	3,725	3,182	2,176	3,511	3,500

Comment: The proposed budget of R3.5 million to be allocated by the City of Cape Town to the Company to fund property-related expenditure during the 2009/2010 year (Year 1 of the forecast period ending 30 June 2010) is in line with our extrapolated calculation of 2008/2009 actual expense (extrapolated from the actual results for the 4-months ended 31 October 2008) and is also in line with the actual expenditure for the 2006/2007 and 2007/2008 financial years.

Financial projections

Projected 5-year income statement

R'000		Year 1	Year 2	Year 3	Year 4	Year 5	Total
Income Statement - City Hall	Notes	Jun-10	Jun-11	Jun-12	Jun-13	Jun-14	
Total: Operating Income	1	828	2,976	3,841	4,235	4,656	16,536
City of Cape Town - budget allocation	2	3,500	3,850	4,235	4,659	5,124	21,368
Total - Donor, Grant and Sponsorship funding	3	0	3,000	3,000	3,000	3,000	12,000
Standard Bank initial grant	4	1,000	0	0	0	0	1,000
Total Revenues		5,328	9,826	11,076	11,893	12,780	50,903
Total expenditure funded by CoCT budget	2	-3,500	-3,850	-4,235	-4,659	-5,124	-21,368
Total expenditure not in CoCT budget	5	-1,000	-3,000	-2,776	-3,023	-3,296	-13,095
Guaranteed CAPEX spend out of Auditorium rental profits	6	-450	-495	-545	-599	-659	-2,747
Discretionary CAPEX spend out of annual surplus	7	0	-770	-785	0	0	-1,555
Total Expenditure		-4,950	-8,115	-8,340	-8,281	-9,079	-38,765
Net Profit before interest expense [EBIT]		378	1,711	2,735	3,612	3,701	12,138
Interest income / (expense)	8	38	172	442	854	1,323	2,830
Earnings before Tax [NPBT]		417	1,883	3,178	4,466	5,024	14,968
Less: Taxation	9	0	0	0	0	0	0
Net Profit After Tax [NPAT]	10	417	1,883	3,178	4,466	5,024	14,968
Cumulative NPAT		417	2,300	5,478	9,944	14,968	14,968

Notes:

1. Total operating income comprises rental received from tenants in the Mixed-use building and from usage rentals (based on historic trends) for the Auditorium and related areas/concessions.
2. The funding by the City of Cape Town of the operating budget of the Company (including operational salaries, maintenance, contracted services, general expenses, internal utilities and insurance) at reasonable levels for a period of 5 years is a necessary cornerstone for the success of the City Hall business model.
3. Donor grants and sponsorship funding represents R3m per annum from corporate sponsorships.
4. Standard Bank has already made an initial once-off grant of R1m which funding will be necessary to carry the Company through its first year of operation.
5. The additional expenditure to be incurred by the Company includes letting commission, property management expense, fundraising commission, once-off marketing and PR launch expenses, the costs of the financial control, administration, marketing and PR and IT departments, ongoing marketing and PR costs, training,

operations, other utilities maintenance, office expenses and website maintenance, external advisors, travel and entertainment and a contribution to Executive Management time.

6. As part of the Company's commitment to upgrade the property and its facilities and as proposed to the City of Cape Town, it will allocate, to Capital Expenditure, fixed amounts of its profits earned from renting out the Auditorium.
7. The Company will allocate out of its operating profits, further Capital Expenditure required to upgrade the property and its facilities.
8. Interest is earned on cash balances on hand from time to time. An interest rate of 10% on positive cash balances has been forecast. The business model assumes that the Company will not be raising interest-bearing debt.
9. The Company is not expected to pay income tax, although it will be registered for VAT.
10. Based on the stated assumptions, the Company is expected to operate profitably from 1 July 2009.

Projected 5-year balance sheet

R'000	Year 1	Year 2	Year 3	Year 4	Year 5
Balance Sheet - City Hall	Jun-10	Jun-11	Jun-12	Jun-13	Jun-14
Accumulated Surplus / (Deficit)	417	2,300	5,478	9,944	14,968
Long Term Liabilities - External Finance	0	0	0	0	0
Equity and Long Term Debt	417	2,300	5,478	9,944	14,968
Current Liabilities	3	32	35	40	43
Total Equity and Liabilities	420	2,332	5,513	9,983	15,012
Current assets	420	2,332	5,513	9,983	15,011
Total Assets	420	2,332	5,513	9,983	15,011
Cash Flow					
Closing Bank / (Overdraft) balance	420	2,332	5,513	9,983	15,011

Comment: The forecasts reflect a cash positive position (reflected in Current assets) and profit positive position (reflected in Accumulated Surplus) from inception. Current liabilities reflect the VAT amounts owing. The forecasts are prepared on the assumptions that NIL interest-bearing debt will be raised.

Financial ratios

	Year 1	Year 2	Year 3	Year 4	Year 5
Ratio Analysis - City Hall	Jun-10	Jun-11	Jun-12	Jun-13	Jun-14
Profitability Measures as a % of Turnover					
EBIT %	10%	19%	20%	19%	17%
NPAT %	11%	21%	23%	23%	23%
Capital Expenditure (R'000):					
Guaranteed CAPEX spend out of Auditorium Rental Profits	-450	-495	-545	-599	-659
Discretionary CAPEX spend out of annual surplus	0	-770	-785	0	0

The supporting financial information and assumptions to the abovementioned forecasts are as follows:

Analysis of Income

Projected 5-year Operating Income

R'000	Year 1	Year 2	Year 3	Year 4	Year 5
Operating Income - City Hall	Jun-10	Jun-11	Jun-12	Jun-13	Jun-14
Income - Rental - Mixed-use Building	-	1,863	2,612	2,873	3,160
Income - Rental of Auditorium	598	810	895	995	1,092
Income - Auditorium concessions & function area	230	304	334	367	404
Total: Operating Income	828	2,976	3,841	4,235	4,656

Projected 5-year Rental Income from Mixed-use Building

Rands		Total Year 1	Total Year 2	Total Year 3	Total Year 4	Total Year 5
	M2					
Income - Rental - Mixed-use Building						
Escalation % - All leases		10%	10%	10%	10%	10%
Derived average rental per m2 for premises		0	64	71	78	85
Total m2 of space let	3,085	0	3,085	3,085	3,085	3,085
Average % occupancy		0%	100%	100%	100%	100%
TOTAL Rental income in Rands - Mixed Use Property			1,863,048	2,611,567	2,872,724	3,159,996
1. Ground Floor A	230	-	182,160	200,376	220,414	242,455
2. Ground Floor B	177	-	140,184	154,202	169,623	186,585
3. Ground Floor C	197	-	156,024	171,626	188,789	207,668
4. Ground Floor City Hall Co & Box Office	-	-	-	-	-	-
5. Ground Floor - Kitchen	-	-	-	-	-	-
6. Ground Floor - David Bloomberg Parlour	-	-	-	-	-	-
7. Ground Floor - Auditorium & Function Areas	-	-	-	-	-	-
8. Ground Floor - Conductor's Suites	-	-	-	-	-	-
9. First Floor - A	264	-	209,088	229,997	252,996	278,296
10. First Floor - Abe Bloomberg - Mayor Private	-	-	-	-	-	-
11. First Floor - B	444	-	351,648	386,813	425,494	468,043
12. First Floor - C - Ballroom	165	-	130,680	143,748	158,123	173,935
13. Second Floor - A	283	-	112,068	246,550	271,205	298,325
14. Second Floor - B - Old Council Chamber - Heritage	159	-	104,940	138,521	152,373	167,610
15. Second Floor - Banqueting Hall - links to Ballroom - Heritage	222	-	87,912	193,406	212,747	234,022
16 Second Floor - C	234	-	92,664	203,861	224,247	246,672
17. Third Floor -- A with terrace	186	-	122,760	162,043	178,248	196,072
18. Third Floor - B - Drywalled	324	-	106,920	235,224	258,746	284,621
19. Third Floor -- C - Drywalled	200	-	66,000	145,200	159,720	175,692

Comment: The average rental for Year 2 (2010/2011) is below the R66 per m2 described in the text of this business plan, as certain areas on the third floor are of lower quality finishes and accordingly have been conservatively forecast to achieve lower rentals than the other space in the Mixed-use building (see areas "18" and "19" in the table "Projected 5-year year-end per m2 rental rates from Mixed-use Building" below). The forecasts have been prepared on the assumption that no rentals will be derived from the Mixed-use building in Year 1 (2009/2010). Property management forecast costs, forecast as a % of

rental collected, is reflected in the Forecast Expense section, as is letting commission payable to property brokers to secure such tenants, and calculated as a % of rental payable in terms of the leases secured.

Projected 5-year year-end per m2 rental rates from Mixed-use Building

Rands		Year 1	Year 2	Year 3	Year 4	Year 5
	M2					
Per m2 rental rates at year end - Mixed-use Building						
Escalation % - All leases		10%	10%	10%	10%	10%
Total m2 of space let	3,085	0	3,085	3,085	3,085	3,085
Rental rates per m2 at year end						
1. Ground Floor A	230	R 60	R 66	R 73	R 80	R 88
2. Ground Floor B	177	R 60	R 66	R 73	R 80	R 88
3. Ground Floor C	197	R 60	R 66	R 73	R 80	R 88
4. Ground Floor City Hall Co & Box Office	-	R 0	R 0	R 0	R 0	R 0
5. Ground Floor - Kitchen	-	R 0	R 0	R 0	R 0	R 0
6. Ground Floor - David Bloomberg Parlour	-	R 0	R 0	R 0	R 0	R 0
7. Ground Floor - Auditorium & Function Areas	-	R 0	R 0	R 0	R 0	R 0
8. Ground Floor - Conductor's Suites	-	R 0	R 0	R 0	R 0	R 0
9. First Floor - A	264	R 60	R 66	R 73	R 80	R 88
10. First Floor - Abe Bloomberg - Mayor Private	-	R 0	R 0	R 0	R 0	R 0
11. First Floor -- B	444	R 60	R 66	R 73	R 80	R 88
12. First Floor - C - Ballroom	165	R 60	R 66	R 73	R 80	R 88
13. Second Floor - A	283	R 60	R 66	R 73	R 80	R 88
14. Second Floor - B - Old Council Chamber - Heritage	159	R 60	R 66	R 73	R 80	R 88
15. Second Floor - Banqueting Hall - links to Ballroom - Heritage	222	R 60	R 66	R 73	R 80	R 88
16 Second Floor - C	234	R 60	R 66	R 73	R 80	R 88
17. Third Floor -- A with terrace	186	R 60	R 66	R 73	R 80	R 88
18. Third Floor - B - Drywalled	324	R 50	R 55	R 61	R 67	R 73
19. Third Floor - C - Drywalled	200	R 50	R 55	R 61	R 67	R 73

Comment: The abovementioned rental rates have been conservatively forecast at below-market rentals and also assume that the cost of installing a tenant and the refurbishment of its leased space will be funded by such tenant (although carried out by the Company to ensure uniformity of standard and concern for the heritage nature of the property).

Projected 5-year year-end occupancy rates of Mixed-use Building

Rands		Year 1	Year 2	Year 3	Year 4	Year 5
	M2					
Year-end occupancy rates of Mixed-Use Building						
	Month of Full occupancy					
Year end occupancy rates						
1. Ground Floor A	Jul-10	0%	100%	100%	100%	100%
2. Ground Floor B	Jul-10	0%	100%	100%	100%	100%
3. Ground Floor C	Jul-10	0%	100%	100%	100%	100%
4. Ground Floor City Hall Co & Box Office	N/A	0%	0%	0%	0%	0%
5. Ground Floor - Kitchen	N/A	0%	0%	0%	0%	0%
6. Ground Floor - David Bloomberg Parlour	N/A	0%	0%	0%	0%	0%
7. Ground Floor - Auditorium & Function Areas	N/A	0%	0%	0%	0%	0%
8. Ground Floor - Conductor's Suites	N/A	0%	0%	0%	0%	0%
9. First Floor - A	Jul-10	0%	100%	100%	100%	100%
10. First Floor - Abe Bloomberg - Mayor Private	N/A	0%	0%	0%	0%	0%
11. First Floor - B	Jul-10	0%	100%	100%	100%	100%
12. First Floor - C - Ballroom	Jul-10	0%	100%	100%	100%	100%
13. Second Floor - A	Jan-11	0%	100%	100%	100%	100%
14. Second Floor - B - Old Council Chamber - Heritage	Sep-10	0%	100%	100%	100%	100%
15. Second Floor - Banqueting Hall - links to Ballroom - Heritage	Jan-11	0%	100%	100%	100%	100%
16 Second Floor - C	Jan-11	0%	100%	100%	100%	100%
17. Third Floor - A with terrace	Sep-10	0%	100%	100%	100%	100%
18. Third Floor - B - Drywalled	Jan-11	0%	100%	100%	100%	100%
19. Third Floor - C - Drywalled	Jan-11	0%	100%	100%	100%	100%

Comment: The forecasts have been conservatively prepared on the assumption that the Mixed-use building may remain vacant for Year 1 (2009/2010) and will only be fully tenanted during the course of Year 2 (2010/2011).

Projected 5-year Rental Income from the Auditorium

	Year 1	Year 2	Year 3	Year 4	Year 5
Total Rental income in Rands	598,424	809,501	894,974	994,539	1,091,747
Monday	58,283	73,730	81,103	89,057	99,353
Tuesday	56,617	75,987	83,223	90,462	98,086
Wednesday	59,235	78,332	87,390	98,415	106,206
Thursday	75,538	103,504	115,516	129,926	141,373
Friday	106,747	139,300	158,761	172,419	191,434
Saturday	134,058	189,221	206,282	234,685	252,748

Projected 5-year Auditorium usage trends based on historical usage

	Year 1	Year 2	Year 3	Year 4	Year 5
Projected Usage					
Monday	42%	39%	39%	39%	39%
Tuesday	46%	40%	40%	40%	40%
Wednesday	49%	44%	44%	44%	44%
Thursday	59%	59%	59%	59%	59%
Friday	64%	61%	61%	61%	61%
Saturday	85%	82%	82%	82%	82%
Average	57%	57%	57%	57%	57%

Comments: The historical average daily usage, calculated from monthly statistics from 2006 to 2008 have been used to forecast future usage of the Auditorium, i.e. no improvement in usage has been forecast, in order to forecast conservatively. The table above reflects the annual average daily utilisation, calculated on an annual basis, for information only.

Projected 5-year daily charges for use of Auditorium as at year end after NPO discounts

	Year 1	Year 2	Year 3	Year 4	Year 5
Projected Daily Rates					
Monday	R 3,150	R 3,465	R 3,812	R 4,193	R 4,612
Tuesday	R 3,150	R 3,465	R 3,812	R 4,193	R 4,612
Wednesday	R 3,150	R 3,465	R 3,812	R 4,193	R 4,612
Thursday	R 3,150	R 3,465	R 3,812	R 4,193	R 4,612
Friday	R 4,000	R 4,400	R 4,840	R 5,324	R 5,856
Saturday	R 4,000	R 4,400	R 4,840	R 5,324	R 5,856

Comment: The abovementioned rates are below the rates charged by other venues with similar capacities. These rates (which include the cost of security and cleaning) do not represent an increase on the current cost of using the Auditorium calculated on a daily basis, after taking into account the costs of the users' compulsory own cleaning and security services. The forecasts assume a change in policy, in that in future daily rates only will be available, as opposed to the current arrangements which include daily and hourly rates.

Projected 5-year Auditorium revenue from concessions and function area

	Year 1	Year 2	Year 3	Year 4	Year 5
Total Income - Auditorium concessions & function area	230,000	303,600	333,960	367,356	404,092
Bar concession	100,000	132,000	145,200	159,720	175,692
Food concession including kitchen	100,000	132,000	145,200	159,720	175,692
Ground Floor - David Bloomberg Parlour - ad hoc	30,000	39,600	43,560	47,916	52,708

Comment: The forecast concession income is considered to be conservative as no external food and beverage operators have yet been approached to negotiate terms of usage, services to be provided and expected revenue to be earned by the Company.

Projected 5-year City of Cape Town budget allocation

Rands	Year 1	Year 2	Year 3	Year 4	Year 5	Total
City of Cape Town Budget Allocation	Jun-10	Jun-11	Jun-12	Jun-13	Jun-14	
Annual increase		10%	10%	10%	10%	
Total Property expenditure - ex City of Cape Town budget	3,500,000	3,850,000	4,235,000	4,658,500	5,124,350	21,367,850
Remuneration Cost (Staff)	1,450,000	1,595,000	1,754,500	1,929,950	2,122,945	8,852,395
Depreciation	-	-	-	-	-	-
Repairs and Maintenance	230,000	253,000	278,300	306,130	336,743	1,404,173
Contracted Services	240,000	264,000	290,400	319,440	351,384	1,465,224
General Expenses	640,000	704,000	774,400	851,840	937,024	3,907,264
Appropriation Account	-	-	-	-	-	-
Internal Utilities Expense	600,000	660,000	726,000	798,600	878,460	3,663,060
Insurance Departmental	340,000	374,000	411,400	452,540	497,794	2,075,734
Activity Based Costs	-	-	-	-	-	-

Comment: The Year 1 (2009/2010) forecast is in line with the extrapolated expenditure for the current year (2008/2009) and in line with actual historical expenditure in prior years as indicated elsewhere in this business plan.

Projected 5-year Donor, Grant and Sponsorship Income

Rands	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Donor, Grant and Sponsorship Income	Jun-10	Jun-11	Jun-12	Jun-13	Jun-14	
Total Donor, Grant and Sponsorship Income	0	3,000,000	3,000,000	3,000,000	3,000,000	12,000,000
Total Sponsorship Income	0	3,000,000	3,000,000	3,000,000	3,000,000	12,000,000
Platinum [concept to be approved]	-	-	-	-	-	-
Gold	-	1,000,000	1,000,000	1,000,000	1,000,000	4,000,000
Silver	-	1,600,000	1,600,000	1,600,000	1,600,000	6,400,000
Bronze	-	400,000	400,000	400,000	400,000	1,600,000
Total Donor Income	0	0	0	0	0	0
Total Grant Income	0	0	0	0	0	0

Comment: Fundraising initiatives will be put into place during Year 1 (2009/2010) to ensure that proceeds therefrom are received at the commencement of Year 2 (2010/2011). The commission expense paid to the professional fundraisers on a success basis, is reflected in the Forecast Expense section.

Projected 5-year Number of Sponsors

	Year 1	Year 2	Year 3	Year 4	Year 5
Number of Sponsors	Jun-10	Jun-11	Jun-12	Jun-13	Jun-14
Platinum [concept to be approved]	-	-	-	-	-
Gold	-	2	2	2	2
Silver	-	20	20	20	20
Bronze	-	400	400	400	400

Projected 5-year Sponsorship per Sponsor

Rands	Year 1	Year 2	Year 3	Year 4	Year 5
Sponsorship per Sponsor	Jun-10	Jun-11	Jun-12	Jun-13	Jun-14
Platinum [concept to be approved]	-	-	-	-	-
Gold	-	500 000	500 000	500 000	500 000
Silver	-	80 000	80 000	80 000	80 000
Bronze	-	1 000	1 000	1 000	1 000

Analysis of Expenditure

Projected 5-year Property related operating expenditure funded by City of Cape Town budget allocation

Rands	Year 1	Year 2	Year 3	Year 4	Year 5	Total
City of Cape Town Budget Allocation	Jun-10	Jun-11	Jun-12	Jun-13	Jun-14	
Annual increase		10%	10%	10%	10%	
Total Property expenditure - ex City of Cape Town budget	3,500,000	3,850,000	4,235,000	4,658,500	5,124,350	21,367,850
Remuneration Cost (Staff)	1,450,000	1,595,000	1,754,500	1,929,950	2,122,945	8,852,395
Depreciation	-	-	-	-	-	-
Repairs and Maintenance	230,000	253,000	278,300	306,130	336,743	1,404,173
Contracted Services	240,000	264,000	290,400	319,440	351,384	1,465,224
General Expenses	640,000	704,000	774,400	851,840	937,024	3,907,264
Appropriation Account	-	-	-	-	-	-
Internal Utilities Expense	600,000	660,000	726,000	798,600	878,460	3,663,060
Insurance Departmental	340,000	374,000	411,400	452,540	497,794	2,075,734
Activity Based Costs	-	-	-	-	-	-

Comment: Certain expenditure (such as insurance as well remuneration paid to staff employed by the City of Cape Town but working at the City Hall property) may be disbursed directly by the City of Cape Town to recipients and other expenditure (such as contracted services, security and repairs and maintenance) may be disbursed to the Company which will then pay such monies to the providers of such services.

Projected 5-year City Hall Company related expenditure NOT funded by City of Cape Town budget allocation

Rands	Year 1	Year 2	Year 3	Year 4	Year 5	Total
City Hall Company Expenditure	Jun-10	Jun-11	Jun-12	Jun-13	Jun-14	
Annual increase		10%	10%	10%	10%	
Total	1,000,000	3,000,000	2,775,898	3,023,488	3,295,837	13,095,224
Letting commission (3% of 5-year rentals)	-	478,316	-	-	-	478,316
Property Management Expense (5.7% of rental received - Mixed use)	-	106,194	148,859	163,745	180,120	598,918
Personnel - Financial Control and Admin department	65,000	264,000	290,400	319,440	351,384	1,290,224
Fund-raising commission expense (10%)	-	300,000	300,000	300,000	300,000	1,200,000
Personnel - Marketing department	-	260,000	286,000	314,600	346,060	1,206,660
Marketing and PR expenditure - once off - to be sponsor funded	-	-	-	-	-	-
Marketing and PR expenditure - ongoing	60,000	240,000	264,000	290,400	319,440	1,173,840
IT and website set up and office set up - once off - to be sponsor funded	-	-	-	-	-	-
Personnel - ad hoc and training	180,000	198,000	217,800	239,580	263,538	1,098,918
Operations - general	120,000	132,000	145,200	159,720	175,692	732,612
Other utilities and maintenance costs	-	180,000	198,000	217,800	239,580	835,380
Office and IT expenses and website maintenance	60,000	240,000	264,000	290,400	319,440	1,173,840
External advisors	120,000	120,000	132,000	145,200	159,720	676,920
Travel and entertainment	60,000	66,000	72,600	79,860	87,846	366,306
Other	10,000	57,990	63,789	70,168	77,185	279,132
General manager	325,000	357,500	393,250	432,575	475,833	1,984,158

Comment: The forecasts adopt a phased approach to set up of the Company and limits expenditure to revenue receivable. Details of job descriptions are included in the "Institutional Arrangements – Functions" section herein. The nature of the expenses and their methods of calculations are stated in the abovementioned table.

Projected 5-year Capital Expenditure

Rands	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Capital Expenditure	Jun-10	Jun-11	Jun-12	Jun-13	Jun-14	
Estimates for Auditorium only						
Total	450,000	1,265,000	1,329,500	598,950	658,845	4,302,295
Paint passages (Auditorium and Mixed-Use building if budget allows), kitchen ventilation; bathroom upgrade; D Bloomberg room redecoration	250,000					250,000
Conservation Management Plan and Services Audit	200,000					200,000
Improved lift access, IT wiring, air-conditioning improvements		245,000				245,000
Metalwork to store Auditorium Seats		250,000				250,000
Acoustics		120,000				120,000
Trussing & fireproof drapes		250,000				250,000
Audio hardware		100,000				100,000
Audio wiring and communications system		300,000				300,000
Lighting			200,000			200,000
Staging and rostra			200,000			200,000
Rehearsal equipment			200,000			200,000
Other			729,500	598,950	658,845	1,987,295
Disbursal of Capex						
Out of guaranteed CAPEX budget	450,000	495,000	544,500	598,950	658,845	2,747,295
Out of annual surplus	0	770,000	785,000	0	0	1,555,000

Comment: The exact interventions to be undertaken in the Auditorium will be informed by the outcome of the Conservation Management Plan and Services Audit. Unless funded by specific sponsorships, any additional interventions will need to be funded in the latter part of the first 5-years from revenues received.

MARKETING PLAN

Overall marketing strategy

The Centre will be positioned as venue with a clear identity – a music centre of quality and a popular destination that provides high level programming to suit a variety of musical tastes. It will be the place to be seen in Cape Town, Africa and the South – a cosmopolitan, sexy, sought-after venue that attracts a discerning clientele that is interested in music. Attributes of the centre will be: well managed, clean, secure, service-orientated and with access to sufficient parking.

Target markets/beneficiaries

A variety of target markets have been identified as being necessary to secure the success of the business. They are all equally important and inter-linked. The Auditorium needs to be suitably maintained and equipped to attract audiences willing to pay market-related ticket prices for entertainment. These audiences will include the local population as well as domestic and international tourists. In turn, more users will be attracted and prepared to pay market-related rentals for the hire of the Auditorium. These include current (e.g. Cape Philharmonic Orchestra, Philharmonia Choir, various Malay choirs) and potential users (e.g. event organisers).

Similarly sponsors and funders will be keen to be linked to a popular re-launched City Hall and tenants will want to be part of such a vibrant music centre. Corporates looking to raise their profile, by supporting the City Hall, attach their names to high level events.

Having an appropriate tenant mix will attract consumers, thus ensuring the tenants' economic viability and ability to fund monthly rentals. And lastly, the City of Cape Town will have a well-maintained civic-owned facility that is used to its maximum potential and to the benefit of all the people of Cape Town.

In summary:

- The City of Cape Town: owner of the property and responsible to taxpayers for a civic-owned facility. The City of Cape Town will have a well-managed vibrant Music Centre that contributes to the City's positioning as a world-class destination. In addition, by committing to five years of expenditure, the City of Cape Town saves on expenditure for the 45 years that follow..
- Audiences: local populations from a variety of income groups who already attend the City Hall for regular events: new audiences who will be attracted to a more effectively marketed venue offering a greater variety of events; tourism guides who will use the venue for booking groups, in particular tourists from international – most often European and North American – markets.
- Users: these include current and potential users. The regular users include the Philharmonic Orchestra, Philharmonia Choir and various Malay Choirs, Christmas Choirs and music schools who use the venue – see Appendix B for a full list. If more effectively run, the venue would attract new, high level users organising events.
- Sponsors: corporates looking for ways to raise their profile with possible consumer markets. In supporting the City Hall, they can attach their name to a high level event supported by city government and other high level financiers and decision makers.
- Funders and philanthropists: individuals who wish to support arts and cultural events and in so doing add to civic life and to raise their profiles as arts supporters with other like-minded individuals.
- Tenants: organisations and businesses operating in the music and entertainment, arts and culture industries and support services.

Advertising and promotion

It is proposed that clients and potential clients will be reached in the following ways:

1. Word of mouth – ensuring that the venue is of high quality and has an ongoing programme of strong activity that repositions it. Building in the first instance a close working relationship with current users of the space who are regular users
2. Strong events
 - (a) ensuring regular flagship events with strong programming flyers and posters
 - (b) building relationships with strong music events already in the centre such as the Philharmonic, Philharmonia Choir, Malay Choir Competitions as well as the biannual music event – Miagi.
 - (c) In addition to music, the hosting of important exhibitions and events in the front half of the building such as the Spier Contemporary will help rebrand the venue
3. Rebranding – ensuring the venue is completely rebranded including a strong logo, good signage and a well positioned PR Campaign. This would include rebranding the foyers in simple but effective ways that suggest a new approach.
4. Simple necessary renovations to toilets, foyers, basic functional changes to the Auditorium and including changes to kitchen facilities.
5. The inclusion of at least one good coffee bar / café in the space for day and event time catering.
6. PR Campaign – a news and arts orientated PR campaign hitting all media in Cape Town, Nationally and selected international agencies
7. A simple effective and regularly updated website attached to an internet booking system
8. A monthly e newsletter and a database which is grown monthly
9. A daily block advert in daily newspapers
10. A tourism orientated campaign which ensures the centre is placed high in the tourism agenda and that it becomes part of a regular package of tour guides into the East City. Recognising that the District Six Museum is already a first stop in the township tourism programme of tour guides
11. East City – cultural precinct marketing. The City Hall will feature strongly with the marketing of the East City as the first major leg of development of the central city cultural hub.

INSTITUTIONAL ARRANGEMENTS

A dedicated Section 21 company (not for profit) has been registered to manage and develop the City Hall. The City would retain full ownership of the City Hall and would lease the City Hall to the company on a 50-year lease. There would be a five year relationship with the city in respect to services, basic maintenance, basic renovations and bookings. The City would have representation on the Board for the first five years.

The role of the Company

- Sign a lease with the City of Cape Town
- Develop a management plan from 2009 and 2014 with the City of Cape Town
- Refine the business plan to ensure a sustainable entity, run along sound business lines, that fulfills its mission as a Centre for Music with a non-profit, social function.
- Ensure ongoing public participation in the project through the establishment of a representative advisory group meeting regularly.
- Appoint relevant high level staff initially an interim director/general manager for the development of the City Hall and eventually a CEO to direct and oversee the centre.
- Raise finances for operating costs, refurbishment and projects as necessary
- Develop mechanisms to ensure broad access.
- Oversee the development of the building and establish a strong tenanting mix to ensure the development is sustainable.
- Oversee the development of a strong marketing strategy that enables a high revenue stream from a performance programme, tourism opportunities and other relevant sources.
- Oversee the development of relevant heritage, tourism and cultural development programmes and activities.

Current status of the Company

The Cape Town Partnership and the Cape Town Heritage Trust partnered to set up the following legal entity to manage and redevelop the centre:

City Hall Redevelopment and Management Company

Registration No. of Company: 2008/000887/08

Address: c/o Cape Town Partnership, 10th Floor, The Terraces,
34 Bree Street, Cape Town, 8001

Telephone: (021) 419 1881 • Fax: (021) 419 0894

The Company has applied for and is awaiting its Non-Profit Organisation status.

Legal Firm: Webber Wentzel Attorneys Cape Town

Lawyer Responsible: Michael Evans

Physical address: 15th Floor, Convention Tower, Heerengracht, Cape Town, 8000

Postal address: PO Box 3667, Cape Town, 8000

Telephone: +(27) (21) 431 7000 / Fax: +(27) (21) 431 8000

Current Directors

Andrew Boraine: CEO, Cape Town Partnership (CTP)

Laura Robinson: CEO, Cape Town Heritage Trust (CTHT)

Founding members

Andrew Boraine: CEO, Cape Town Partnership

Laura Robinson: CEO, Cape Town Heritage Trust

Bulelwa Makalima-Ngewana: Deputy CEO, Cape Town Partnership

Theodore Yach: Board member, CTHT

Owen Kinahan: Board member, CTHT

Norman Osburne: Board Member, CTHT

Nazeer Rawoot: Finance Manager, CTP

Zayd Minty: Creative Cape Town Coordinator, CTP

The Company Board would have a minimum of six directors. This diverse Board (in terms of gender, race, ability etc.) would be appointed by members and would be responsible for maintaining the mission of the centre and its financial accountability. Directors would reflect the sorts of skills necessary for the smooth functioning of the centre but would have no financial interests in the company. Directors would have financial, legal, marketing, venue and/or event management, music, educational, heritage and tourism knowledge and experience, and be of high standing in the community. At least one Board member will represent the city.

The Board will establish an advisory committee made up of key stakeholders or relevant interested parties who would benefit from the centre and its operations. These would include music groups and key individuals from the music industry (such as the Cape Music Initiative – an SPV of government); current regular users of the City Hall (such as the Cape Philharmonic Orchestra, and others – see Appendix A for details of proposed composition); tourism bodies (Cape Town Tourism, representatives of tour companies, etc); heritage agencies and individuals (Iziko Museums, District Six Museum and key heritage specialists), as well as others as necessary.

The Board will invite musical giants to be patrons of the new centre to set the standard for musical excellence that the centre aspires to.

The Cape Town Partnership

The Cape Town Partnership has a mandate, from the public and private sector, to facilitate the development of the central city on behalf of local government, property owners and civil society. Since 1999 it has played an integral role in developing creative partnerships that enable the development of 'an inclusive, productive and diverse city centre that retains its historic character and reflects a common identity for all the people of Cape Town'. Over the years the Cape Town Partnership has proved its success in ensuring a safe and clean city centre, has successfully marketed and brought people back into the city (through events and public relations drives) and has attracted over R24 billion of investment in the last few years alone.

The Cape Town Partnership has played a significant role in taking forward the vision of the City Hall. It has invested significant budget and time into

- drawing people around a broad vision;
- developing a reference group of current users and potential users, including engaging with all those who had proposals for or interests in the City Hall space;
- driving the commissioning of research into the City Hall's use and a concept plan to take it forward;
- setting up in consultation with the city the Section 21 and establishing it as the entity to drive the City Hall; and
- developing and funding the development of the proposed lease and this business plan. This commitment to the process has ensured that the City Hall project remained on the relevant agendas and has been taken forward by the parties involved.

The Cape Town Partnership currently has a successful social development programme and has begun research and programmes in energy efficiency, NMT transport and social housing amongst others. Its Creative Cape Town programme recognises culture's intrinsic role in society, and is a social, economic and spatial strategy that promotes an active, vibrant and diverse city centre. It focuses on local distinctiveness, promoting creative industries and cultural tourism, and connecting spaces. The latter seeks to promote the city as a cultural hub through developing visitor-friendly, cultural precincts and venues in

the central city, more especially the East City/Grand Parade Precinct, the Company Gardens, and the Foreshore (around Artscape/Founders Garden). The City Hall Project falls in the latter programme area and is considered the flagship project in the East City/Grand Parade Precinct. The Central City Development Strategy has as one of its five main outcomes the development of the central city as a major node of knowledge, creativity, innovation and culture in Africa and the South, and the City Hall and East City (as a key character neighborhood) are important elements of this plan. The East City has a reference group made of leaders of organisations in the area who are engaged in developing the East City project.

Cape Town Heritage Trust

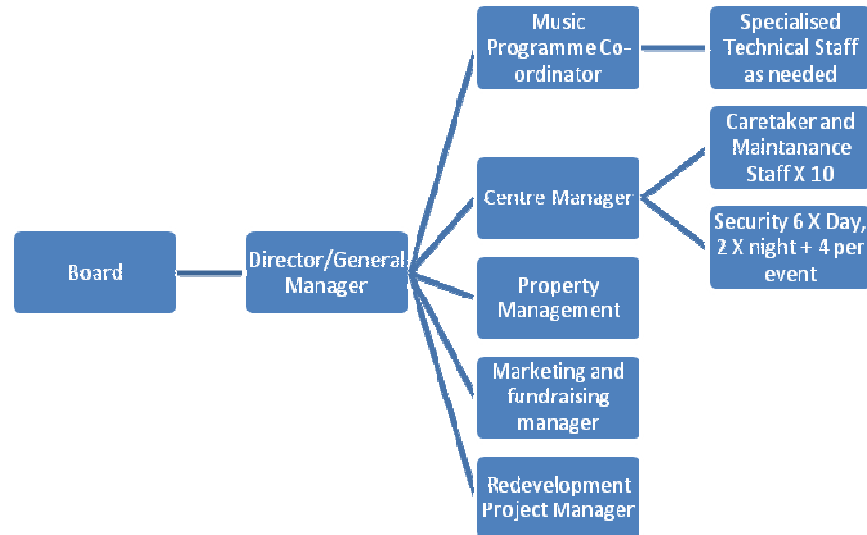
The Trust was established in 1987 jointly by the City of Cape Town, the Province and members of the private sector as a special purpose vehicle to restore and manage heritage properties owned by the City of Cape Town. To date the Trust has a number of significant heritage projects in its portfolio, including the restoration and rehabilitation of Heritage Square. The Board of Trustees includes representatives from the City (at both political and administrative level), as well as nominated representatives of the heritage NGOs in the City. There are also a number of Board members who serve in their own individual capacity, due to their experience and expertise in the field of heritage and cultural conservation. Members also have considerable skills and experience in property development and financial management and have legal expertise in environmental and property matters.

In undertaking the City Hall project, which has the potential to unlock the development of the East City, it is important to have established networks with a number of institutions and organisations that play a major role in the revitalisation of the city. The Trust, its Board members and director have direct links with projects such as the redevelopment of the City Hall and Grand Parade, the Creative Cape Town program, the Drill Hall and the proposals for the Good Hope Centre. Together these dynamic initiatives will ensure the revitalisation of the East City.

Staffing

Staffing would be added incrementally starting with the employment of a General Manager followed by essential staff over the first and second years of operation. Until such time as the company has full time employees, assistance will be offered through the Board of the City Hall Company as well as through support by partners of the City Hall – amongst them the Cape Town Partnership, Central City Improvement District and Cape Town Heritage Trust

The organogram below indicates the key staff/functions of the music centre in the first five years.



Functions

General Manager

- oversee the setting up of the Company
- liaise with Board, patrons, advisory committee and clients
- report to the Board and City Council on a regular basis
- oversee the branding of the City Hall as a music centre and to ensure it is well marketed and positioned as premier a music facility and destination.
- ensure the effective running of it as a venue as a whole and as a destination for visitors
- fundraise for the centre into the future
- ensure the venue is tenanted
- manage all human resource needs associated with the centre
- ensure all assets are maintained
- oversee financial management and audits

Position starts: July 2009

Remuneration: Reflected as a separate line item in forecast expenditure

Music Programme Coordinator

- oversee the music programme
- liaise with regular users of the Auditorium
- compile seasons as necessary
- organise and vet bookings (with centre manager)
- run the flagship music events and raise funds as necessary (in consultation with the director)
- oversee the preferred eventing company using the music centre
- oversee the development of relevant educational programming

Position starts in 2009 or 2010 on a part time contractual basis until 2011 (renewable) – this may be outsourced to a company with a dedicated resource attached.

Remuneration: Included in the cost of “External Consultants” reflected as a separate line item in forecast expenditure

Financial and Administration Controller

- perform the Company's financial and administration function
- establish and monitor systems of internal control
- perform financial budgetary function and report on actual financial performance against budget to the Board of Directors
- perform the statutory functions on behalf of the Company
- oversee the financial relationships with the City of Cape Town, sponsors, donors, property managers and professional fundraisers

Position starts part time in 2009 and full-time in 2010.

Remuneration: Reflected as a separate line item in forecast expenditure

Marketing Manager/Fundraiser

- oversee the positioning of the centre as a music centre and will ensure a strong profile for the centre.
- oversee and run a Friends of Campaign
- oversee the capital campaign
- manage relationships with funders and reports as necessary
- handle all marketing and communications of the company

Position starts formally in mid 2010 and until then through a volunteer led fundraising programme which starts in 2009 managed by the Board and thereafter by the General Manager. In 2009 until mid 2010 the broad marketing co-ordination of the centre will be managed by the Cape Town Partnership with a pro-bono advertising agency as a contribution to the centre. Professional fundraisers will be remunerated on a success-basis.

Remuneration: Reflected as a separate line item in forecast expenditure

Property Management Agency

- oversee the tenants and collection of rentals
- ensure the centre is maintained and secured in consultation with the Centre Manager

Position starts in 2009 on a performance led basis with the cost of this service linked directly to rentals collected, on behalf of the Company, from tenants of the Mixed-use Building.

Centre Manager and Bookings Officer

- ensure the day to day management of the centre
- take bookings and liaise with clients of the Auditorium (in consultation with the music programme co-ordinator)
- manage resources of the centre – piano, organ etc
- oversee a team of maintenance staff
- oversee security and the security team

Position starts in 2009.

[Potentially a position for staff from the CoCT from 2009 - 2011]

Remuneration: Included in the remuneration line item of the property operating expenditure to be funded by the City of Cape Town

Maintenance Staff

- clean the venue
- ensure basic maintenance
- manage the clock
- assist users of the Auditorium

Positions start in 2009

[Potentially a position for staff from the CoCT from 2009 – 2011 – additional cleaning staff for events through a cleaning company]

Remuneration / Outsourced cost: Included in the remuneration line item of the property operating expenditure to be funded by the City of Cape Town

Security

- oversee access and secure the centre 24 hours
- serve as event security as necessary

Security to be contracted out to a relevant security company on a 1 - 2 year contract

[The management of the security staff may be through the Central City Improvement District in 2009 till mid 2010]

Remuneration / Outsourced cost: Included in the property operating expenditure to be funded by the City of Cape Town

Redevelopment Project Manager / Management

- oversee a Conservation Management Plan and other relevant plans to ensure redevelopment
- manage the team of architects, consultants and contractors

Position starts on a volunteer basis, under the Board and driven by the Cape Town Heritage Trust, thereafter overseen by the Director until such time as funds are raised to redevelop the centre.

Remuneration: Included in the cost of "External Consultants" reflected as a separate line item in forecast expenditure, where necessary, as the this function will be predominantly performed by The Cape Town Partnership and The Cape Town Heritage Trust.

ACTION PLAN

Immediate strategy

1. By March 2009, confirm the 50-year lease arrangements with the City and a five year management plan.
2. A 50-year lease would be secured over the entire City Hall property (the Auditorium and the Mixed-use building) with effect from 1 July 2009 on the following basic terms:
 - a. Nil rental payable for 50 years
 - b. Nil rates payable for 50 years
 - c. City of Cape Town commits to continue budgeting for and funding the City Hall operations for a total of 5 years, to the amount of R3.5m for the year ending 30 June 2010 and for 4 years thereafter increasing annually by the greater of CPI and 10%. Expenditure will be controlled by the Company and may be spent in different categories from that budgeted, but up to the R3.5m budget limit.

Certain expenditure (such as insurance as well remuneration paid to staff employed by the City of Cape Town but working at the City Hall property) may be disbursed directly by the City of Cape Town to recipients and other expenditure (such as contracted services, security and repairs and maintenance) may be disbursed to the Company which will then pay such monies to the providers of such services.

Property expenditure - ex CoCT budget	Year 1 ending 30 June 2010 (Rands)
Remuneration Cost	R 1,450,000
Depreciation	R 0
Repairs and Maintenance	R 230,000
Contracted Services	R 240,000
General Expenses	R 640,000
Appropriation Account	R 0
Internal Utilities Expense	R 600,000
Insurance Departmental	R 340,000
Activity Based Costs	R 0
Total expenditure per CoCT budget	R 3,500,000

- d. Out of its Auditorium-related profits, the Company will commit to a minimum Capex spend of R450 000 for the year ending 30 June 2010, and for 4 years thereafter increasing annually by the greater of CPI and 10% (total = 5 years). Expenditure will be controlled by the Company.
- e. The Company will operate the City Hall as an independent entity bearing the risk of expenditure and the reward of income.

Motivation: The City of Cape Town commits to five years of expenditure and saves on the following 45 years of expenditure. The Company continues to provide the Cape Town community with access to the Auditorium but with an overarching management strategy in place.

External debt: The City Hall Company has no plans to raise interest-bearing external debt, as annual operating expenditure and Capex will be funded from revenue streams as described herein.

3. Establish the structure of the City Hall Company
 - Appoint new directors (by March 2009)
 - Confirm a chairperson of the Board (by March 2009)
 - Establish an Advisory Committee (by March 2009)
 - Appoint a General Manager (by April 2009)
 - Confirm staffing related to City Hall staff (by April/May 2009)
 - Establish a set of Patrons (by May 2009)
As internal sub-committees of the Board of the Company:
 - Establish a Finance and Fundraising committee (by May 2009)
 - Establish a Renovations committee (by May 2009)
 - Establish a Marketing and Communications committee (by May 2009)

Year 1 strategy – from July 2009

4. **Property:** Focus on the Auditorium and plan for its most effective use. Use the City of Cape Town 2009/2010 budget for staffing, cleaning, maintenance etc on the property, but with emphasis on the Auditorium. Research and plan the appropriate tenant mix for the Mixed-use building. Call for expressions of interest and launch a public participation process. Unless ad hoc tenants are secured and there is a cost benefit to the Company, the Mixed-use building may remain vacant for the first year with limited possible usage to enable positioning, branding and marketing of the City Hall. **Budget:** R3.5m. **Source of funding:** City of Cape Town.
5. **Infrastructure:** Commit Capex to basic Auditorium-related infrastructural upgrade, including painting of passages, kitchen ventilation, bathroom upgrades, and the redecoration of David Bloomberg room. Commission a Conservation Management Plan and Services Audit. **Budget:** R450k. **Source of funding:** Auditorium usage revenues.
6. **Bookings:** Maintain and improve current levels of bookings for the Auditorium, on a restructured fee schedule but with access for the majority of existing user base. **Budget:** Based on average historical usage trends at 57% per annum, R600k of revenue should be generated in Year 1 as from 1 September 2009, after allowing two months for limited refurbishment. **Source of funding:** The staffing overhead is included in the annual operational budget to be funded by the City of Cape Town.
7. **Management:** Establish the operations of the Company, commence with overlaying the management structures on the existing infrastructure and operations and to appropriately position the City Hall. **Budget:** R1million in total for the year for General Manager remuneration, financial control and administration, marketing and PR, adhoc personnel and training, general operating costs, office expenses, IT expenses and website maintenance, external advisors including legal, and travel and entertainment.. **Source of Funding:** Standard Bank grant. (Note that a Mayco application may be required for a change to the conditions of grant).
8. **PR:** Commence planning for all aspects of operations, fundraising and PR. Implement the website and a PR launch around an event/promotion in the Auditorium: **Budget:** Unknown but minimum R250k. **Source of funding:** Specific corporate sponsors to be approached.

9. Fundraising: Commence in earnest the sponsorship drive to raise at least R3m by the start of Year 2 and in this regard, appoint a professional fundraiser. **Budget**: No specific budget as this function will initially be carried out by the Cape Town Partnership in conjunction with the newly appointed General Manager of the Company. **Source of Funding**: Any sponsorships raised by the professional fundraiser will fund the commission payable on such fundraising.
10. Projects: Plan for and launch sponsored projects and performances centred in the Auditorium. **Budget**: Unknown. **Source of Funding**: Ticket revenues and corporate and other sponsorships.

Year 2 onwards strategy – from July 2010

11. Property: Continue to manage the property. Plan for most effective use of and then utilise the City of Cape Town 2010/2011 budget for staffing, cleaning, maintenance etc on the property, but with emphasis on the Auditorium as well as the Mixed-use building. **Budget**: R3.5m plus the greater of CPI and 10%. **Source of funding**: City of Cape Town.
12. Bookings: Maintain and improve current levels of bookings for the Auditorium, on a restructured fee schedule but with access for the majority of existing user base. **Budget**: Based on average historical usage trends at 57% per annum, R800K of revenue should be generated in Year 2. **Source of funding**: The staffing overhead is included in the annual operational budget to be funded by the City of Cape Town.
13. Tenants: Accommodate the City of Cape Town's 2010 World Cup Media Centre for 3 months. Install tenants into the Mixed-use building according to strategic tenant mix and appoint external property manager. Tenants to pay for their own installation and maintenance in exchange for lower rentals. Forecast starting gross rental is R66 per m2. Occupation of ground and first floors (possible retail) planned from 1 July 2010; occupation of second and third floors planned from 1 September 2010, after World Cup. **Budget**: Letting commission based on tenants who sign leases and property management fee based on rental collected: **Source of funding**: Rentals collected.
14. Infrastructure: Commit Capex to as much as possible of the following: improved lift access, IT wiring, air-conditioning improvements, metalwork and store of Auditorium seats, acoustics, trussing & fireproof drapes, audio hardware, audio wiring and communications system, lighting, staging and rostra, and rehearsal equipment. **Budget**: R1.265m. **Source of funding**: Auditorium usage revenues and net rental income from Mixed-use building.
15. Management: Fully establish the operations of the Company, with properly staffed Company and operations budget. **Budget**: R3m. **Source of funding**: corporate sponsorships.
16. Projects: Plan for and launch sponsored projects and performances centred in the Auditorium. **Budget**: Unknown: **Source of Funding**: Ticket revenues and corporate and other sponsorships.

APPENDICES

Appendix A: Advisory Group for City Hall Company

Proposed Terms of reference

- Membership to the Advisory Group will be by invitation of the City Hall Company and nomination by the public.
- Membership is voluntary. ie there will be no payment
- It will be broadly representative and will consist of a selection of:
 - Regular users of the City Hall to date
 - Potential users of the City Hall – music groups, non-profits, commercial enterprises.
 - Potential partners of the City Hall – museums, tourguide groupings
 - Academics dealing with history and culture
- There will only be one person from each organisation represented
- The Group will advise the City Hall redevelopment company Board – a representative of the Board will chair the group, administer meetings and call the group.
- The Group will advise on:
 - Deepening the Vision
 - Potential tenanting mixes (in respect of music and related organisations)
 - Programming strategies
 - Marketing strategies
 - Educational strategies
 - The type of complimentary programmes the venue should host – such as exhibitions, workshops, conferences etc
 - Other Uses of the City Hall
- The Group's advise will not necessarily be adopted but will strongly influence the company which would need to balance it with considerations of the economic sustainability of the centre
- Engagement in the Group does not guarantee space for rental or preferential treatment for bookings. The Group will help advise on the principles for decision making
- The Group is not a space for negotiation on issues related to booking, rental or project adoption
- The Group will meet every six - eight weeks
- The term of the Group will be two years
- The Advisory Group will start on: (proposed date – Jan 2009)
- The Maximum Size of the Group is (proposed 20) members

Appendix B: Regular Client Base of Auditorium

Users since 2004 who have used the hall at least annually for at least three years

AUDITORIUM CURRENT USERS	Contact person	Contact numbers
Afrikaans Taal en Kultuur Vereeniging	Ms. Bessie Keun	082-454-6060/012-804-5397
Amateur Chamber Music Players	Mr C.Mauger	786 4210/084 207 8915
Ansarul Fuquraa SA	Mr. I. Noordien	021-423-0859/084-405-8074
Apostolic Faith Mission	Mr. B. Adams	021-696-6440/083-331-1109
Beau Soleil Music Centre	Mr Frank Mallows	761 1894
Bethel Evangelical Band	Mr. A. Michaels	021-873-3455
Bishops Diocesan College	Mr. M. Mitchell	083-601-4024/021-659-1000
Cape Organ Guild	Mr. C. M. Howard	021-797-1254/082-978-2295
Cape Philharmonic Orchestra	Mr. Burdukov	021-410-9809
Cape Town Male Voice Choir	Mr R.Wilson	021 783 2189
Catholic Schools Co-ordinating Council	Ms A.Dunn	021 761 8050
Centre for Early Childhood Development	Mrs. F. Abrahams	021-683-2420
Chapel Street Primary school	Mr S. Christians	021-465 4107
Chinese Cultural Foundation	Mr. Lu / Mr. Moralie	082-321-0155/021-511-7777
Christian United Church	?	?
City Varsity	Mr. C. Katz	021-488-2000 / 083-672-1261
Classic Sporting Club	Mr A.Alexander	021-376 4187/082-935-0990
College of Cape Town	Mrs. Shires	021-464-3868
Collison. Mr A.A.	Mr. A. Collison	021 551 0969/083 535 6885
COSATU	Ms. E. Geswindt	021-448-0045
District Six Entertainers	Mr K. Miller	021-507 6750/082-882-8577
Eclipse T.V.Productions (Pty)Ltd.	Ms B.Matlhage	011-886-8819
Film Office	Gail	021-483-9065
Harold Cressy High School	Ms.H. Kaye	021-461-3810
Hoerskool Tygerberg	Ms L.Claassen	021-939-2023
Human Settlements Services	Mr. G. Nevin	021-400-2989
Impumelelo Innovations	Award Trust Ms N. Kadali	021-461-3783/083-650-7056
International Classical Music Festival S.A.	CS. Herodien	011-372-4165
Islamic Unity Convention	Mr. M. C. De Vries	021/699-0933/078-610-1113
Junior College	Mr N.Salie	021-704-2786
Moravian Brass Band Union of S.A.	Mr. Martinus	021-573-7133/082-498-7183
Moravian Church Choir Union	Mr C.Hans	021-762-9035/072-421-1836
National Union of Metal Workers	Ms. D. Lombard	021-945-3540
New Apostolic Church (various branches)	Mr A.Louw	021-400-2593/084 210 2109
New Apostolic Church Retreat	Ms. D. Atwood	021-700-2200/021-712-7344
Office of the Executive Mayor	Mr F.Marx	021- 400-1217
Oriental Dance Theatre (Palace of the Winds)	Mr. M. Rehbein	073-8109-208

AUDITORIUM CURRENT USERS	Contact person	Contact numbers
Orient Rugby Football Club	Mr. Gasant	021-691-8410/083-248-7664
Philharmonia Choir of Cape Town	Mr. Martin	021-715-2620/082-924-5442
Rotary Club of Wynberg	Mr. D. Wild	021-712-3983/ 072-373-0419
Rustenberg High School for Girls	Ms E.M.Sole	021-686 4066
Schotschekloof Primary School	Mrs. S. Damon	021-424-5859
Social Development Department	Ms. L. Truter	021-400-4637
South African Army Band	M.M.Chandlor	021-787 1992
South African College of Music	?	?
Suid Afrikaanse Koorraad	Mr Duncan	021-706-4059/083 525 6796
Symphony Choir of Cape Town	Ms G.Phillis	021-788 8917/ 083 7096726
Tafelberg Manne Koorraad	Mr. M. Z. Morris	021-696-6945
Tygerberg Childrens Choir	Ms.H.Basson	021 948 4046
United Grand Parade Traders Association	Mrs Booyesen/Mr. Whitman	073-293-5335/082-557-2267
Uniting Reforming Church	Mrs. I.Felton	021-374-4738
Violets RFC	Mr. Z. Adams	021-706-0352/ 072-073-8717
Water & Sanitation Department	Mr. J. Pruns	021-761-0981/084-322-3656
Western Cape Choral Music Association	Mr. Q. Tini	021-551-1542
Western Cape Education Department	Mr. P. Rothman	082-800-3626/021-461-3964
Woolworths (Pty) Ltd.	Ms. D. Mackensie	021-407-9111
Young Voices	Mr.P. Lewis	082-448-8260

Appendix C: The Auditorium or “Grand Hall” – the heart of the new Music Centre

1. Business framework which will allow access by existing users, whilst incrementing the proportion of new users during the five year plan.

Existing uses of the Auditorium range from public meetings to a variety of concerts, orchestral and choral performances, and award ceremonies. Over two thirds of the current user base comprises NPOs, charities and schools, who qualify for the reduced usage tariff. Many events include musical performance, although the acoustic and facility bias mitigate strongly against anything but acoustic music. In order that the range of users – and audiences – can expand, these deficiencies will be addressed. This is an imperative so as to broaden the diversity of music culture, as well as the revenue options.

The decision to initiate a Music Centre at the City Hall is a cultural intervention in the life of the City. The business framework needs to accommodate existing users, and identify the core facilities which will be integral to the success of the intervention.

From Civic Hall to Cultural Focal Point

In its current low usage and poorly maintained state, the City Hall serves as an oversized community hall. If it is to shine as a cultural focal point, it needs to attract premier music performances, and do so with a consistent professionalism.

Rather than simply “upgrade” the facility and management systems to a price point which would drive out the existing user base, the proposed business strategy entails “overlying” a management framework which accommodates the majority of existing music users, whilst creating the requisite systems and facilities to encourage new users. The strategy is not to replace existing users, rather to ramp up new music users and usages, in a more efficient operation. Priorities will be guided and incentivised, in line with the vision of the City Hall as a Music Centre.

Most important, the strategy is one for growth and diversification of usage, with the building of common methods and threads of management for all events – existing, and new events.

System Changes and Infrastructural Changes proposed

The business plan is premised on minimal capital expenditure in the first year. The focus is to bring into play management systems which allow for a more efficient density of usage, with more rapid turnarounds of different users.

The overlay of a new management system will serve not only to “control” the operation of the building, but also to “measure” and “gauge” the new direction.

Research into the status quo of the City Hall operation has revealed holes in the data capture, for example, when it comes to users. It will be imperative that there is constant and thorough report collating, so that the obstacles and successes experienced during year one can be tabulated and reviewed.

The most pressing functional limitations of the Auditorium have been addressed elsewhere, and will open the door for the City Hall to begin filling the gap in music performance space in the City.

Security and Cleansing become in house functions

In the current operating mode, security during events, and cleansing after events at the City Hall have been the responsibility and cost of users.

Staff reports and other user feedback point to the deficiencies of such arrangement. To improve the base line of these provisions, the City Hall Redevelopment and Management Company will assume management of these operations, and factor them into the tariff structure.

The role of the CTP in the Central City will allow the security provisioning of the City Hall to be linked to those in the Central City, with obvious advantages.

2. Functional Upgrades to the Auditorium (also previously known as the “Grand Hall”)

Provisioning for a diversity of music genres to be hosted and presented in the Auditorium / Grand Hall necessitates careful consideration as to the optimal spatial and technical setups associated with those genres.

In its current state, the hall is optimised for acoustic renditions, but poses obstacles when amplified music is presented. This has mitigated against successful staging of a substantial array of local and African music. Repositioning the City Hall as a premier music venue for Cape Town’s citizens and visitors will require that infrastructure cater for this broader cultural menu.

It should further be noted, that the array of potential funders, sponsors, donors, and users would be significantly reduced, if we do not factor the needs of this broader array of music, as is encompassed in their contemporary programming prerogatives.

Accordingly the following recommendations relating to the use of the Auditorium as a centre for music should be considered as work in progress. Specialist input has been sourced with regard to the expansion of music activities within the City Hall, including those which require amplification. Should this route be acceptable to all parties involved there will be certain implications for the project, both financial and physical. These will obviously require further investigation as the project unfolds.

The amounts mentioned herein have been provided in the financial forecasts as Capital Expenditure, funded out of the compulsory Capex budget and also out of annual operating surpluses and profits.

Seating

The current rigid and fixed seating configuration limits the versatility of hall configuration, and precludes usage of the venue for much worldbeat, dance or pop music, where patrons would expect to dance and move about.

First prize remedy would be the installation of concertina seating banks, or a system as manufactured by the renowned Layher company to replace the “stalls” or ground floor seats. Such investment would not be warranted during the first year of operation.

The “workaround” alternative will entail manual removal of the seating rows (they can unscrew), and possible adaptation of same with wingnuts or quickclamp systems. Sections of seating are in fact occasionally removed/refitted to tailor to user needs, but the process is ad-hoc, with permission, labour and overtime considerations being major impediments.

Storage for out-of-use seating would also require provision, with the possibility that cradles or racking be constructed to optimise the exercise, and minimise damage to the already well-weathered seats.

Cost: it is estimated that metal work costing in the region of R250 000.00 would be allow for a short term “workaround” during 2009.

Most important, the method, downtime and labour implications associated with effecting such configuration change could be quantified. Creating this configuration option as part of the menu will unlock new potentials for the Auditorium in the short term, and provide a basis from which to evaluate whether more substantial seating hardware investment is warranted.

It is envisaged that the upper Gallery / balcony be retained as a seated area.

Acoustics

The Auditorium has reflective qualities which enhance vocal and acoustic instrumental performance, but a low frequency reverberation which seriously compromises music performances when electric, amplified equipment is deployed. This limitation needs to be addressed in the short term, if the Hall is to become an attractive option to service a diversified range of music genres.

Simplest – and the least obtrusive – remedy would be to facilitate and guide the options for short term PA / audio installation in the hall. Modern audio systems operate with greater efficiency when focused from a “flown” or “suspended” position, which also reduces audio coupling with the cavernous stage.

It is neither cost-effective nor possible for such installations to be considered on a one-off basis by the ad-hoc user. The provision of clearly marked load-bearing flying points would be a major step to facilitate safe and efficient suspension of trussing, whether for audio, lights or drapes.

The installation of steel cable suspenders at critical points over the stage, measured and specified by a structural engineer would greatly enhance the operational versatility for the first 12 month period, and probably thereafter as well.

Such facility would be a generic one, not limited to the hardware of a particular supplier or contractor.

It is important to note that such intervention would not actually alter the acoustic of the hall, rather, it would allow for a more efficient deployment of audio hardware facility within what is known to be a difficult environment.

Acquisition of at least two trusses and fly-bars, for similar “flown” installation, would allow for some dampening of acoustic reflections.

Cost: Structural Engineer / Acoustic consultant / Design brief
Installation of Certified Flying Points and Ground Support points
Estimated: R120 000.00

Purchase of Trussing and fireproof drapes: R 250 000.00

It should be noted that the Auditorium is one of the best acoustic music venues in the country and every care will be taken to ensure it remains as such. Therefore any changes to the space will be to enhance its current usage and enable it to be brought to modern standards to enable relevant amplification.

Sound / Audio

Acquisition of basic audio equipment, such as to allow for amplification of speeches or playback from a CD is required.

It is envisaged that major music events will be serviced by external contractors for the first two years at least.

Investment should be limited to the “low tech” infrastructure, or “backbone” which should be generic to the widest range of users/ contractors, and which will facilitate rapid configurations as anticipated by a diversifying user base. (the above-mentioned “flying points” are an example of “backbone infrastructure” advocated).

It should be noted that an audio installation will require a full business and management plan, and also begs questions of security and maintenance.

Accordingly, the following are recommended:

Costs Basic Audio: 16 Channel audio mixing desk; 2 x flown loudspeakers;

cabling, microphones and stands:

R100 000.00

Running of multicore from stagebox to Front of House control position, possibly optical /digital routers. Includes Communications system from Stage to FOH

R300 000.00

Lights

Installation should be limited, again, to flying points and facilitation. At best, a set of second hand par cans x 24 to be purchased in first year. Specialised lighting and AV equipment will be provided by a contractor as needed.

Purchase and install Basic Par Can system & control

R200 000.00

Staging, Rostra & Similar

It is suggested that a set of generic and modular Layher stage risers be acquired, as the building block to versatile stage configuration. These allow quick configuration, and low profile storage.

It is suggested that a budget of R200 00.00 be provisioned in the first year.

3. Strategy for flagship events to raise profile of the Music Centre

Programming music events requires a distinct budget, policy and funding/sponsorship work. During its first year, the City Hall Music Centre will be unlikely to budget for more than an Opening Event.

The challenge of re-positioning the City Hall will be served in the initial 12 month cycle through partnerships with other parties, including existing users.

A coherent and integrated marketing strategy – which augments, rather than competes with the marketing conducted by users – will be an important first step.

This will make provision for a programme to be available at all times and at all events which take place at the City Hall. Website and similar will carry the details of what music activity is scheduled.

Seasons are proposed

Practical planning, marketing, as well as the considerations associated with exploring new spatial configurations for the Auditorium, all point to cost efficiency of mini seasons. Equipment hire, venue dressing, branding and budgeting thereof will thus be focused into manageable packages.

- Focused Musical Series’ :
- Heritage Weekend target for Launch – September 2009 (Flagship Event)

- Relationship with the CPO on its existing seasons
- Relationship with Mlaji (Classical Music Festival – biennale)
- Possible tie in with Cape Town Festival (March/April) 2 – 3 day event
- Possible tie in with Choirs, Jazz and other music of the Cape (Season over Dec/Jan aimed at tourists)
- Create seasons in partnership with regular partners
- Target innovative music initiatives, which diversify the musical fare on offer. The profiling of African music artists, jazz and world music will be an important thematic to prioritise.

4. Rehearsal Room and Functionality

A potential rehearsal room, and other infrastructure would enhance the short to medium term functionality for music users.

Rehearsal

Rehearsal is key to performance, and must be provisioned for any Music Centre. Whether the Cape Philharmonic Orchestra, or local bands, this is a facility which is in short supply in the City.

The CHR&M Co must hold aside space and resource which will cater for the following needs which have been identified:

- Orchestra rehearsal space / band rehearsal space /
- Working space for Workshop and Masterclass.
- Outreach
- Western Cape Musicians' Association
- Visiting bands.

Facility required:

Basic rehearsal PA / 12 Channel / 2 speakers / 4 monitor wedges R50k Drumkit R20k

Backline / bass amp / 2 guitar amp / keyboard amp oor / & RD type piano

R50 000 Recording of rehearsals

Music Stands

Partitions and risers R20 000

Very basic acoustic insulation treatment R20 000k

Airconditioning - later

Lighting R20k

Costs estimate to setup:

R200 000

Income / Expenditure

Some professional users would pay for short term hire of the resultant facility. Funding and sponsorship could be sourced, whether to capitalise, or subsidise.

Workshop for Maintenance and Temporary Works

A functioning music centre will require a prop shop and maintenance facility. Basic carpentry, metalworks and electrical capacities. Such facility would play an important role in implementing consistent methods, materials and approach within the building, rather than ad-hoc installations by a series of external “quick fix” contractors. This is especially important given the heritage prerogatives of the space.

Appendix D: Available rentable space in the Auditorium

City Hall – NOTE THAT SPACE No's CROSS

Shaded areas with "1" inserted, indicate lettable space

REFERENCE TO PLANS PER APPENDIX E

Floor metrage excl passages, toilets and functional areas of Auditorium

Name	Space No.	m2	Rentable	m2 rentable	Current usage	Proposed future usage
GROUND FLOOR		919		604		
Old Childrens Library	GF1	38	1	38	empty	Music Services/ Storage
Old Childrens Library	Gf2	50	1	50	empty	Music Services/ Storage
Old Childrens Library	GF3	80	1	80	empty	Music Services/ Storage
Old Childrens Library	GF4	62	1	62	empty	Music Services/ Storage
1. Ground Floor A		230		230		
	GF5	40	1	40	courts	Music Services/ Storage
	GF6	31	1	31	courts	Music Services/ Storage
	GF7	65	1	65	courts	Music Services/ Storage
	GF8	24	1	24	courts	Music Services/ Storage
	GF9	17	1	17	?	Music Services/ Storage
2. Ground Floor B		177		177		
	GF10	20	1	20	courts	retail/crafts
	GF11	65	1	65	courts	retailcrafts
	GF12	33	1	33	courts	retailcrafts
	GF13	79	1	79	courts	retail/crafts
3. Ground Floor C		197		197		
Office of City Hall Co	GF14	21	0	0		Office of City Hall Co
Office of City Hall Co	GF15	31	0	0		Office of City Hall Co
BOX OFFICE	GF16	20	0	0	box office	box office
4. Ground Floor City Hall Co & Box Office		72		0		
5. Ground Floor - Kitchen						
	GF17	20	0	0	Kitchen	kitchen
6. Ground Floor - David Bloomberg Parlour						
	GF 18	165	0	0	foyer	use for VIP functions
7. Ground Floor - Auditorium & Function Areas						
	GF19	1	0	0	Auditorium	Auditorium
Ground Floor - CONDUCTORS SUITE	GF20	12	0	0	VIP music backstage	VIP music backstage
CONDUCTORS SUITE	GF21	23	0	0	VIP music backstage	VIP music backstage
CONDUCTORS SUITE	GF22	22	0	0	VIP music backstage	VIP music backstage
8. Ground Floor - Conductor's Suites		57		0		

Name	Space No.	m2	Rentable	m2 rentable	Current usage	Proposed future usage
FIRST FLOOR		1,073		873		
Mayoress' Parlour - Heritage	FF23	38	1	38		
	FF24	51	1	51	storage	Public access / exhibition / meetings / studios
	FF25	67	1	67	social development	retail/crafts
	FF26	34	1	34	social development	retail/crafts
	FF27	37	1	37	social development	retail/crafts
	FF28	37	1	37	board room	retail/crafts
9. First Floor – A		264		264		
Abe Bloomberg Room	FF29	100	0	0	Mayor's Space	
Annex to Abe Bloomberg	FF30	100	0	0	Mayor's Space	
10. First Floor - Abe Bloomberg - Mayor Private		200		0		
	FF31	37	1	37	empty	retail/crafts
	FF32	141	1	141	empty	retail/crafts
	FF33	220	1	220	empty	retail/crafts
	FF34	26	1	26	empty	retail/crafts
	FF35	20	1	20	empty	retail/crafts
11. First Floor – B		444		444		
Ballroom - linked to 2nd floor – Heritage	FF36	165	1	165	empty	Public access / exhibition / meetings / studios
12. First Floor - C – Ballroom		165		165		

Name	Space No.	m2	Rentable	m2 rentable	Current usage	Proposed future usage
SECOND FLOOR		987		898		
Property Management	SF37	38	0	0	Kitchen	City Hall Company space
Property Management	SF38	51	0	0	Social development	City Hall Company space
LIBRARY - Heritage	SF39	148	1	148	empty	Public access /exhibition / meetings / studios
	SF40	40	1	40	empty	
	SF41	53	1	53	empty	
	SF42	42	1	42	empty	
13. Second Floor - - A		372		283		
Old Council Chamber - Heritage	SF43	159	1	159	empty	Public access / exhibition/ meetings / studios
14. Second Floor - B		159		159		
Old Council Chamber - Heritage	SF44 *	65	1	65	empty	Public access /exhibition / meetings / studios
	SF45 *	73	1	73	empty	
15. Second Floor – Banqueting Hall - Heritage	SF46	222		222	empty	
- links to Ballroom	SF47 *	29	1	29	empty	Public access /exhibition / meetings / studios
	SF48 *	38	1	38	empty	
	SF49 *	29	1	29	empty	
16 Second Floor – C	*	234		234		

Name	Space No.	m2	Rentable	m2 rentable	Current usage	Proposed future usage
THIRD FLOOR		710		710		
old faircape	TF50	65	1	65	empty	office (CoCT 2010 World Cup Media)
old faircape	TF51	121	1	121	empty	
17. Third Floor -- A with terrace		186		186		
old faircape	TF52	140	1	140	empty	office (Cape Philharmonic Orchestra)
old library	TF53	184	1	184	empty	
18. Third Floor -- B - Drywalled		324		324		
old library	TF54	200	1	200	empty	office (Cape Philharmonic Orchestra)
19. Third Floor -- C - Drywalled		200		200		
TOTAL AT RENTABLE PER MONTH		3,689		3,085	604	

Appendix E: Auditorium usage

**City Hall
Booking Schedule – Auditorium on
average for 2006, 2007 and 2008**

2006, 2007 & 2008	January			February			March		
	Possible	Actual	%	Possible	Actual	%	Possible	Actual	%
Monday	14	2	14%	12	5	42%	13	5	38%
Tuesday	15	2	13%	12	2	17%	12	5	42%
Wednesday	14	2	14%	12	4	33%	13	6	46%
Thursday	13	4	31%	12	11	92%	14	9	64%
Friday	12	3	25%	13	9	69%	14	13	93%
Saturday	12	7	58%	12	9	75%	14	12	86%
Sunday	13	2	15%	12	5	42%	13	11	85%
	93	22	24%	85	45	53%	93	61	66%
Average per month	31	7	23%	28	15	54%	31	20	65%

April			May			June			
Possible	Actual	%	Possible	Actual	%	Possible	Actual	%	
13	4	31%	13	3	23%	13	7	54%	Monday
13	6	46%	14	8	57%	12	5	42%	Tuesday
13	7	54%	14	8	57%	12	3	25%	Wednesday
12	4	33%	14	11	79%	13	10	77%	Thursday
12	6	50%	13	6	46%	14	10	71%	Friday
13	7	54%	13	12	92%	13	13	100%	Saturday
14	8	57%	12	11	92%	13	9	69%	Sunday
90	42	47%	93	59	63%	90	57	63%	
30	14	47%	31	20	65%	30	19	63%	

**City Hall
Booking Schedule – Auditorium on
average for 2006, 2007 and 2008**

July			August			September			
Possible	Actual	%	Possible	Actual	%	Possible	Actual	%	
14	4	29%	8	3	38%	8	5	63%	Monday
14	5	36%	9	5	56%	8	4	50%	Tuesday
13	6	46%	10	6	60%	8	2	25%	Wednesday
13	5	38%	10	8	80%	8	3	38%	Thursday
12	4	33%	9	7	78%	9	6	67%	Friday
13	12	92%	8	8	100%	10	9	90%	Saturday
14	9	64%	8	7	88%	9	6	67%	Sunday
93	45	48%	62	44	71%	60	35	58%	
31	15	48%	31	22	71%	30	18	60%	

October			November			December			
Possible	Actual	%	Possible	Actual	%	Possible	Actual	%	
10	6	60%	8	5	63%	9	4	44%	Monday
10	4	40%	8	5	63%	8	3	38%	Tuesday
9	4	44%	9	8	89%	8	3	38%	Wednesday
8	2	25%	10	10	100%	8	3	38%	Thursday
8	6	75%	9	8	89%	9	4	44%	Friday
8	7	88%	8	7	88%	10	7	70%	Saturday
9	7	78%	8	6	75%	10	5	50%	Sunday
62	36	58%	60	49	82%	62	29	47%	
31	18	58%	30	25	83%	31	15	48%	Average per quarter

Appendix F: Floor plans of the Auditorium and Mixed Use Building of the City Hall Property (not to scale)