

10.2 Tourist Park Update

This report provides an update on the implementation of the Master Plans at the Christies Beach and Moana Beach Tourist Parks.

This is an update on a previously reported project, concept or issue.

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Attachments: 1. Moana Beach Tourist Park Site Plan (1page)
2. Christies Beach Tourist Park Site Plan (1 page)

1 Executive Summary

1.1 Topic

This report provides an update on the implementation of the Master Plans at the Christies Beach and Moana Beach Tourist Parks.

1.2 Context

In September 2003 Council initiated an investigation of the establishment of long term leases for both the Christies Beach and Moana Beach Tourist Parks. A strategic review was undertaken and endorsed by the Commercial Enterprises Committee (CEC) in June 2004. The review considered a number of long-term lease strategies for Park Management with the objective of reconfiguring the business relationship recognising the role of council as asset owner distinct from that of business operator.

In January 2005 following further investigations into lease options CEC (and subsequently Council) endorsed models for the long term lease of the Tourist Parks as part of the Master Plans.

This report provides an update in relation to the establishment of the long term leases and seeks endorsement to progress to an Expression of Interest for Moana Tourist Park.

At the meeting of Council held on 20 February 2007 an update was provided to Elected Members on the outcomes from a Conciliation Conference facilitated by the Equal Opportunities Commission with a number of tenants from the Christies Beach Tourist Park.

At this meeting it was resolved:

“That the Mayor and Chief Executive Officer be given authority to finalise negotiations with those tenants of the Christies Beach Tourist Park not previously offered a 21 year lease agreement under the following terms:

- a) *Providing a non-transferable and non-renewable long term lease to remain at the Christies Beach Tourist Park for a period of up to 5 years and the meeting of up to \$3,000 of the cost of relocation within the Park; or*
- b) *Providing a non-transferable long-term lease at the Moana Beach Tourist Park expiring on 30 June 2016 and the meeting up to \$3,000 of the cost of relocation to the Park with a sunset date for occupancy at Christies Beach Tourist Park be 30th June 2007.”*

This report also provides an update to these negotiations.

1.3 Suggested Outcome

That Council review outcomes achieved on the implementation of the Master Plans for Christies Beach and Moana Beach Tourist Parks and endorse actions for the progression of these Plans.

2 Recommendation(s)

1. (a) **That under the provisions of Section 90(2) of the Local Government Act 1999 an order be made that the public be excluded from attendance at the meeting in order to consider in confidence this item.**
- (b) **That the Council is satisfied that it is necessary that the public be excluded to enable the Council to consider the report at the meeting on the following grounds:**
 - **Section 90(3)(b)(i)(ii) information the disclosure of which -**
 - (i) **could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business or to prejudice the commercial position of the council; and**
 - (ii) **would, on balance, be contrary to the public interest;**
- (c) **That accordingly, on this basis the principle that meetings of the Council should be conducted in a place open to the public has been outweighed by the need to keep the information or discussion confidential.**
2. **That an expression of interest be released for the sale of leasehold interest in the Moana Beach Tourist Park for a term of up to 21 years following development of a communication plan that includes advice to existing tenants.**
3. **That a further report be provided to Council on the outcomes from the expression of interest process for the sale of the leasehold interest on the Moana Beach Tourist Park.**
4. **That the Mayor and Chief Executive Officer be given authority to finalise negotiations with those tenants of the Christies Beach**

Tourist Park not previously offered a 21 year lease agreement under the following terms:

- (Details to be inserted at the meeting).
5. That an order be made under the provisions of Section 91(7) and (9) of the Local Government Act 1999 that the abovementioned document (or part of such document) including the minutes and the report of the Council relating to discussion of the subject matter of that document, having been dealt with on a confidential basis under Section 90 of the Act, should be kept confidential on the grounds of information contained in 90(3)(b)(i)(ii) until an expression of interest is released for the Moana Beach Tourist Park, with the exception of any information required to be released in accordance with the communication plan.

Key Factors

3 Discussion

The Commercial Enterprises Committee (a former Committee of Council) commenced an investigation into the possible long term leasing of the Tourist Parks in September 2003. These investigations led to a strategic review of the Tourist Parks with the development of Master Plans that documented a strategy to achieve outcomes for each of the identified key issues and provided Council with a long term capital plan.

3.1 Moana Beach Tourist Park Master Plan

Key components of the Master Plan endorsed for the Moana Beach Tourist Park included the following:

- Developing the facility to accommodate short-term tourists, long-term tourists and an area for approximately 45 resident dwellings to be known as the “Moana Village”.
- Separate zones to be established within the “Tourist Section” which provide sites for short-term tourist occupancy for periods of daily to three months and long-term tourist occupancy for periods of three to six months.
- One year renewable lease agreements for existing and new caravan and annexe style structures located within the “Moana Village” residential area.
- Ten-year non-transferable leases (expiring on 30 June 2016) for transportable home-style accommodation located within the “Moana Village” residential area.

3.1.1 Lease Agreements

In accordance with the adopted Master Plan lease agreements have been finalised for both the ten-year and one year renewable leases associated with the Moana Village residential area.

3.1.2 Redevelopment of Site

Development approval has recently been granted for capital works associated with the master plan, these works include the creation of a new entry, office and amenities and new infrastructure and services associated with the extension of the Moana Village residential area. A site plan is provided as attachment 1.

Funding of these capital works has been anticipated from the proceeds of the leasing of the Tourist Park as detailed in this report.

3.1.3 Future Park Management

The Commercial Enterprises Committee (CEC) requested an investigation into lease options for the Tourist Parks operating business and infrastructure supported by a ground lease.

In assessing a leasehold value it was determined that the best option was where Council retain the obligation for major repairs and maintenance of structural improvements, with the lessee being responsible for day-to-day operational costs and minor maintenance for a lease term of 15-21 years. CEC considered a report on these investigations in January 2005 and resolved as follows:

“That a Project Brief and Consultation Plan be developed for the long term lease of the Christies Beach Tourist Park and long term lease or leasehold interest in the Moana Beach Tourist Park in accordance with the adopted master plan.”

At the time the adopted lease model for Moana anticipated receiving a one-off capital payment in addition to receiving an annual indexed rental. This was preferred as it provided a superior financial return to other lease models and also provided an up front capital payment to assist in funding the capital works associated with the master plan. The timing and level of these capital works will depend upon the outcomes of the EOI process as it is possible some of the works could be met by the successful bidder.

Negotiation of new leases with the tenants of both Moana and Christies Beach Tourist Parks has taken a considerable period of time and resource to finalise and as such it has not been possible to progress to the sale of leasehold interest as originally endorsed.

Given the length of time that has passed since this resolution endorsement is now sought from Council for the adopted lease model, prior to an expression of interest being released for the sale of leasehold interest in the Moana Beach Tourist Park.

The timing and level of capital works to be undertaken by council is uncertain at this time as it will depend on the capital works associated

3.1.4 Current Park Management

In December 2006 Council received advice from the then Managers of the Moana Beach Tourist Park of their intention to relinquish their management obligations immediately. Given the tight timeframe of their request and with only six months remaining on their management contract a short-term management approach was implemented to afford Council the opportunity to implement their longer term adopted lease model.

Subsequently the Managers of the Christies Beach Tourist Park agreed to an assignment of the Moana agreement for the balance of its term. This will expire on the 30 June 2007 and continue thereafter under a month-by-month agreement until such time as a new lease agreement has been entered into.

Should council endorse the releasing of an expression of interest for the long term lease of the Park the management of the Park in the short term will need to be resolved with either the release of a similar EOI for the short term Park management or support for the continued interim management arrangement.

Enquiries have been made with service companies to determine if it would be possible to establish a short term lease or service contract whilst progressing an EOI process, these enquiries have revealed that Tourist Parks are considered to be small business interests and are therefore managed and operated in most instances either directly by their owners by sole proprietors.

3.2 Christies Beach Tourist Park Master Plan

Key components of the Master Plan endorsed for the Christies Beach Tourist Park included the following:

- Establishing the facility as a “tourist” park to assist in building the local economy.
- Inclusion of short-term sites based on daily to up to three-month occupancy.
- Inclusion of long term sites at the rear of the facility based on three to six month occupancy.
- Exclusion of provision for permanent sites.
- Prohibiting the development of permanent structures by the occupants.

A subsequent report was presented to Council on the 18 April 2006 where a further amendment was adopted for the Master Plan to accommodate life occupancy for those existing residents identified as in “high need”.

In accordance with Council’s resolution of 18 April 2006 an independent assessment was undertaken by ACH (Aged Care Housing Group) to identify those tenants considered to be ‘high need’. Of the 27 existing tenants 19

participated in the assessment process of which 12 met the established criteria. Of these 12 tenants, 10 have signed 21 year (life-occupancy) lease agreements with one choosing to relocate.

Of the eight residents that were not offered a 21 year lease agreement two have now signed a short term lease agreement that expires on 30 June 2007.

3.2.1 Lease Agreements

In accordance with the revised Master Plan lease agreements have been prepared for both the one-year leases expiring 30 June 2007 and life occupancy (21 year) agreements.

3.2.2 Equal Opportunities Commission

On 8 November 2006 advice was received from the Equal Opportunities Commission (EOC) that a number of tenants had lodged submissions of discrimination against Council. At the meeting of Council held on 23 January 2007 Elected Members were informed of further correspondence from the Equal Opportunities Commissioner requesting participation in a Conciliation Conference with the tenants.

At the meeting of Council held on 20 February 2007 an update was provided to Elected Members on the outcomes from a Conciliation Conference facilitated by the Equal Opportunities Commission with a number of tenants from the Christies Beach Tourist Park.

At this meeting it was resolved:

“That the Mayor and Chief Executive Officer be given authority to finalise negotiations with those tenants of the Christies Beach Tourist Park not previously offered a 21 year lease agreement under the following terms:

- a) Providing a non-transferable and non-renewable long term lease to remain at the Christies Beach Tourist Park for a period of up to 5 years and the meeting of up to \$3,000 of the cost of relocation within the Park; or*
- b) Providing a non-transferable long-term lease at the Moana Beach Tourist Park expiring on 30 June 2016 and the meeting up to \$3,000 of the cost of relocation to the Park with a sunset date for occupancy at Christies Beach Tourist Park be 30th June 2007.”*

Council officers have met with the EOC on a number of occasions to assist in resolving this matter. These meetings have revealed that a number of the tenants may not be able or prepared to meet the costs associated with relocating their dwellings (estimated at \$10,000 per dwelling).

As such further direction is required from Council to finalise negotiations with those tenants.

3.2.3 Park Management

In accordance with a resolution of Council on 18 April 2006 the lease for the management of the Christies Beach Tourist Park has been extended to 1 July 2011 to enable progression of the Master Plan for the site.

3.2.4 Redevelopment of Site

Development approval has recently been granted for capital works associated with the master plan. These works include the creation of a new entry, office and amenities, additional tourist cabins, new infrastructure and services associated with the development of a residential area. A site plan is provided as **Attachment 2**.

The capital works will be completed in stages with stage 1 being tendered in July 2007. These works include the completion of new infrastructure to accommodate the life occupancy tenants.