



**KEMPSEY**  
Shire Council

## **DIRECTOR CORPORATE AND COMMUNITY SERVICES REPORT**

13<sup>th</sup> February 2007

<b>DCCS15</b>	<b>UPGRADE AND IMPROVEMENT PROGRAM FOR STUARTS POINT HOLIDAY PARK FILE: 402      SJR</b>
---------------	--

### **SUMMARY:**

Reporting on the proposed works to upgrade Stuarts Point Holiday Park to regulatory compliance.



Council is working to upgrade and improve the holiday parks contained within the 4 Shore Holiday Parks group. To date considerable work has been completed at both Crescent Head and Hat Head parks. Both of these parks have seen increased occupancy rates, an elevated financial return to Council, increased industry ratings from AAAT as well as favourable comment from park users and industry peers.

Works proposed at Stuarts Point will be of a similar ilk to the works completed within the other parks. The upgrade and improvement program is aligned to the adopted Management Plans for the 4 Shore Holiday Parks.

Key works proposed for the Stuarts Point Holiday Park include:

- Provision of sullage to all short term and long term sites
- Installation of four (4) dual poly pump stations to service the sullage lines
- Construction of two (2) additional absorption trenches to handle the sullage collection
- Installation of one (1) additional septic tank to increase retention time of collected sullage prior to pumping to absorption trenches
- Installation of compliant power head units to all sites and metered supply to all permanent sites
- Renew all water lines within park. These lines have been subject to constant failures and Council's management agreement with our contractor agrees to the scheduled replacement of these aging underground services
- Construction of a new amenities block.

It is proposed to fund these works to upgrade and improve the park from loan funds available from the Public Reserves Management Fund (PRMF).

Council staff have completed designs for these works and prepared estimates for the works. Local contractors were invited to submit quotes for the sullage and electrical components of the works and quotes received indicate that the program of works will be in the vicinity of \$600,000 excluding the new amenities block.

To minimise disruption to the day to day operation of the Holiday Park and to maintain optimum cash flow it is proposed to carry out the works in stages whereby one precinct of the park is closed down for the underground works and then the site is rehabilitated prior to the commencement of the next precinct. By careful timing the majority of regular users of the park can still be accommodated albeit in a different area of the park than is their usual preference. This scheduling would exclude works from being undertaken over the coming Easter and autumn school holiday and also the following winter holidays in July.

Given that the schedule of Works is over the tendering limit appropriate tender documents have been prepared and advertised.

## **New Amenities Block**

The Caravan Park Management Plan for the Stuarts Point Park calls for the replacement of the Northern amenities block as a matter of priority and the provision of a new public toilet block adjacent to the boat ramp. This project was listed for the 2004/05 year in the 5 Year Improvement Program but was deferred pending commencement of the overall Park upgrading works.

The existing public amenities block is sited beyond the boomgates within the enclosed area of the Holiday Park and has a shared use between paying park users and the general public. The block is quite aged with reports of it being constructed approximately 50 years ago. Whilst the block is structurally sound it most certainly does not meet the expectations of the current travellers who use the park and the internal showering and toilet enclosures are of an inferior size and standard.

Having a dual use for both clients and the public creates management and security problems and many of the park clients are quite reluctant to use these unsecured amenities particularly after dark, and certainly for their children.

Ideally this block should be upgraded to single use for park clients and a new toilet facility provided in the public area adjacent to the boat ramp and playground area. The construction of a new public facility has not been budgeted for in any of Councils future works programs and the two projects would need to occur concurrently to maintain provision of these facilities for the public.

Preliminary estimates for the construction of the amenities block are estimated at \$300,000. A detailed estimate for this amenities block has not been sought until Council has the opportunity to determine if it wishes to proceed with this project.

On the basis that the Stuarts Point Holiday Park cannot afford to meet the additional loan repayments (\$54,000pa), and that the General Fund Budget does not include funding for a new public amenities facility for the day visitor area, it is suggested that the proposed new amenities for the Stuarts Point Holiday Park be deferred.

## **Funding**

Application has been made to the PRMF for funds totalling \$900,000. The PRMF will consider this loan application at their next scheduled meeting on

12 February 2007. Should the PRMF approve this loan application Council has the option to take up the offer of loan OR decline the offer of loan.

### ***Servicing the loan***

Council has a management contract which provides a commission payment of 50% of income generated from the parks. In the financial year 2005/06 the Stuarts Point Holiday Park income was \$406,984.26. Projections for this financial year estimate an increase in turnover of 5% bringing the turnover to \$427,333 of which Council will receive \$213,666.

PRMF offers loans over seven years at the annual interest rate of 3.5% for non-income producing loans.

Repayments on a loan of \$900,000 range from \$160,071 in Year 1 to \$133,071 in Year 7.

Repayments on a loan of \$600,000 range from \$106,714 in Year 1 to \$88,714 in Year 7.

### **On Site Cabins**

Stuarts Point Holiday Park has two on-site cabins which do not have ensuite facilities. These cabins are scheduled for replacement in this current financial year and funds have already been set aside within our budget for this project.

### ***Long term considerations***

Should Council elect not to proceed with the upgrade and improvement program for the Stuarts Point Holiday Park there could be a threat that the Department of Lands (DoL) may consider that the Reserve is not being run efficiently and in accordance with our adopted Management Plan. DoL could move to relinquish Council of care, control and management of the reserve as has happened in other Crown Reserves, in other areas.

### **REPORT IMPLICATIONS:**

#### ▪ ***Environmental***

***No implications.***

#### ▪ ***Social***

***No implications***

#### ▪ ***Economic (Financial)***

***The Stuarts Point Holiday Park currently operates with a net surplus of approximately \$90,000pa.***

***The taking out of a loan of \$600,000 with subsequent repayments (\$106,000 in Year 1) would turn the operating result into a loss within the range \$0 - \$20,000pa for each of the next 7 years.***

***With a larger loan of \$900,000 the operating result would be in the range of \$40,000 - \$70,000 pa for each of the next 7 years.***

*The raising of a loan of \$600,000 would add 0.44% to Council's Debt Service Ratio.*

*A loan of \$900,000 would add 0.67% to the Debt Service Ratio.*

- *Policy or Statutory*

*No implications*

- *Directors Review*

*The recommendation is supported.*

## RECOMMENDATION

1. That Council endorse an application to the Public Reserves Management Fund for a loan of \$600,000 for the upgrade and improvement program for Stuarts Point Holiday Park.
2. That the replacement of the northern amenities block on Stuarts Point Holiday Park be reviewed for consideration with future improvement programs, and the provision of funding for public amenities to service the Day Visitor Area.

.....

**G B Snape**

**DIRECTOR CORPORATE & COMMUNITY SERVICES**