

1. FERRYMEAD – DEVELOPMENT OF BALANCE LAND

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Corporate Plan Output: Surplus Property	

The purpose of this report is to update the Council on progress in identifying a suitable development for the area referred to as the “balance land” (land not required by either the Council or Ferrymead Historic Park) to the north west of the Ferrymead Historic Park (refer tabled plan).

BACKGROUND

In September 1999 the Property Unit submitted an options report to the Projects and Property Committee on various land issues at Ferrymead. The Council resolved to transfer various portions to internal units of the Council and to seek proposals for development of the area then referred to as the “balance land”.

A Request for Proposal document was subsequently put to the market for the 6.5 ha of balance land with an option to incorporate the adjoining land, which is transferring to the Water Services Unit, for sympathetic or compatible uses. This provides an additional 10-12 ha thereby creating a total potential area for development of 16-18 ha.

PROPOSALS

The Request for Proposal document required specific information to be supplied by the proposers namely:

1. Proposed business use
2. Development and building work
3. Experience and operational ability- including financial details
4. Health and safety plan
5. Shareholders and directors, should the proposer be a company
6. Details of preferred lease terms and conditions

In addition proposers were advised within the document that proposals would be evaluated as per the following attribute table.

Attribute	Weighting
Compatibility of the proposed use with the Water Services Unit’s proposals for the adjoining land.	25%
Proposed business use for the property	20%
Proposed rental and lease terms	20%
Compatibility of the proposed business use with the Ferrymead Historic Park	15%
Financial position of the proposer and guarantor(s)	10%
Previous business experience of the proposer	10%

Two proposals were received for development of the available land which can be pre-circulated by request and will in any event be made available at the meeting.

The proposals are detailed as follows:

1. **PROPOSAL FROM MR CLIVE BOULTON**

The Committee may be aware that Mr Boulton has been in contact with the Council over a period of approximately 10 years with regard to his proposals for developments in the Ferrymead area.

Proposed Business Use

Mr Boulton is the director of a company named Freemount Studios Ltd. Essentially Mr Boulton's proposals for the Ferrymead area include a film/TV studio complex, a golf course and an all tide boating lake. Mr Boulton also proposes that his plans would include the building of a pilot alternative energy system which would be used to operate the studio complex.

Mr Boulton did not supply the Council with a copy of his business plan but does state in his proposal that he is ready to prepare a feasibility study to present to off shore studio owners , as well as other corporate and private potential investors.

Unfortunately, despite a number of requests detailed financial projections and cashflow forecasts have not been supplied with his proposal.

Development & Building Work

As stated previously, Mr Boulton intends to develop a film/TV studio complex. He has not been able to provide any details with regard to concept sketches or timetables for construction, nor any budget with regard to capital costs to be incurred in these developments. He however believes there is a need and opportunity to have a film/TV studio complex to complement the South Island's growing appeal as a filming location.

Mr Boulton's proposal includes the development of what he refers to as an "earthspire" which is essentially a cone shaped structure with a fabric exterior to be used by Mr Boulton's company, Freemount Studios Ltd as a village information centre. Mr Boulton explains in his proposal that his alternative energy system would enable the studio and surrounding consumers to enjoy secure, low cost electricity.

All Tide Boating Lake and Floodwater Basin

Mr Boulton's proposals for this lake centre around the successful excavation of the area previously known as the Heathcote County Council rubbish dump. Mr Boulton intends to excavate this material and create an all tide boating lake to enable young people to enjoy sailing and water craft training in safe conditions, regardless of the tide in the estuary or conditions in the harbour, and to provide an international standard racing area for model yacht sailors.

Avoca Stream Restoration and Lock Gates

Mr Boulton proposes the widening and beautification of Avoca Stream. In addition he suggests that lock gates could be constructed to complement an interlink with the flood management function of the all tide boating lake. Mr Boulton goes on to advise in his proposal that the lock gates will also enable a private housing development to be achieved with all tide waterfront boat docks.

Golf Course & Driving Range

Mr Boulton's proposals also include a golf course and driving range. A suggestion is that the golf course be a nine hole facility to replace the service lost through the closing of the Richmond Hill Golf Club.

Experience and Operational Ability

As mentioned previously in this report Mr Boulton has been in contact with a number of Council officers over a ten year period.

While the Request for Proposal document was quite specific in requesting information with regard to the experience and operational ability of the proposers, Mr Boulton has been unable to supply specific information in this regard. Council officers understand from discussions held with Mr Boulton that he is a civil engineer and has had overseas experience working in the oil industry. No other information has been supplied in this regard.

Health and Safety Plan

Mr Boulton has not supplied any details with regard to a Health and Safety Plan.

Shareholders & Directors

Mr Boulton is the director of Freemount Studios Ltd and holds 109 shares with Erica Templeton holding 1 share. This company is currently a non trading entity.

Lease

Mr Boulton has not been able to provide any details with regard to his proposed lease terms or rental for the land concerned. Previous correspondence from Mr Boulton had indicated that he wished the land to be provided to him at a peppercorn rental, pending the successful development of his proposed film studio and alternative energy systems.

2. PROPOSAL FROM MR GEOFF SAUNDERS

A detailed proposal was received from Mr Geoff Saunders on behalf of his company, Ferrymead Driving Range Limited, for the development of a nine hole golf course and associated driving range. Details are as follows:

Business Plan

Mr Saunders states in his proposal that the proposed business use is for the development of a driving range, junior golf academy and children's nine hole golf course. Mr Saunders also states that until the finer details of including the Water Services land adjoining his development is agreed, preparation of a business plan and cashflows is an uneconomic exercise. The full business plan will be submitted once the actual areas of land available are made known by the Council.

The proposed days and hours of operation are 8.00 am – 9.00 pm seven days per week.

Proposed staffing include a golf professional, driving range staff up to three and further coaching staff as required and possibly retail and foodbar staff.

The financial projections and cashflow forecasts will be entirely dependent on the scale of the operations and are not therefore provided as part of Mr Saunders' proposal.

Development and Building Work

Mr Saunders has stated that until full access to the land can be granted by the Council to ascertain the extent of contamination and the quality of the ground, drainage and construction work in relation to the driving range is not able to be costed.

Concept sketches are included within Mr Saunders' proposal prepared by Trengrove and Blunt, including a proposed layout.

Mr Saunders estimates that access to the site would need to be granted six months prior to the commencement date of the lease and that construction of the buildings will occupy a timeframe of approximately four months.

It has been estimated that earthworks, irrigation and drainage would cost approximately \$300,000 for the driving range site with the cost of the buildings, as assessed by Rawlinsons, at \$353,000.

Experience and Operational Ability

Mr Saunders is a practising solicitor who was admitted to the bar in 1977. He has experience in commercial property and development, specialising in this work in the last 15 years. In addition to the proposer's company, it is intended that a partner be introduced into the business (Ferryhead Driving Range Limited) by way of a manager with the necessary hands-on skills relating to golf. Presently, proposals have been received from numerous golf professionals, golf construction companies and successful companies wishing to be involved in the project. Mr Saunders advises that if his expression of interest is accepted by the Council a full interviewing and selection process will take place to finalise the structure of a company and appoint staff, including a project manager, during construction and a driving range manager and other staff.

Financial Resources

Mr Saunders advises that if his expression of interest is accepted full statements of net equity can be provided on a confidential basis. The parties involved in the proposed development expect to spend \$750,000 with little or no recourse to banking institutions in relation to the actual development.

Referees

Mr Saunders has provided two referees who are prepared to provide any details or references relating to the proposal.

Health and Safety Plan

This has not yet been prepared by Mr Saunders and until the buildings are properly costed and work completed on the stability and characteristics of the ground it is inappropriate and unwarranted expenditure at the stage. Mr Saunders advises that it will be provided when the proposal proceeds further.

Shareholders and Directors

The directors and shareholders of Ferrymead Driving Range Ltd are Mr Geoffrey and Maree Saunders.

Lease

Mr Saunders has requested a 5 year lease with 5 rights of renewal of 5 years with an annual rental for the first 3 years of \$20,000.

COMMENT FROM PLANNING UNIT

The Planning Unit has commented on the proposals as follows:

Clive Boulton

Mr Boulton's proposal has a number of components, including a studio complex, lake, waterway restoration with floodgates and a golf course and driving range. Some of these components are shown on the sketch attached. The underlying zone is Open Space 2 (District recreation and open space). This zone promotes a low density of building development (1%) and a dominance of open space over built form.

I consider most of the proposals put forward by Clive Boulton would not sit comfortably with this zone or the objectives and policies of the plan that relate to it. The golf course, driving range and lake would be appropriate for this zone, with careful design however I note that it would be difficult to establish both these activities on the land available for lease. It appears that the adjoining land (zoned rural) would also be required and there is no evidence that Mr Boulton has investigated this possibility. The other activities listed by Mr Boulton would, in my opinion, be best suited to a business zone.

Geoff Saunders

Mr Saunders proposes to establish a golf driving facility and a children's golf course. As noted above, this could be achieved on the site with careful design. The effect of the activity on the ecological values of the Avoca Valley and other stream systems would require specific consideration. This is a matter for the Water Services Unit who are the custodians of the adjoining land to the west. A golf driving facility etc would need to comply with the performance standards of the Proposed City Plan, such as site coverage, impervious surfacing, building setbacks and glare. I do not consider it impossible to establish such an activity within the lease area."

The Water Services Unit is happy with the proposal as submitted by Mr Saunders but would like more discussion to occur with regard to the location of the proposed driving range.

Site plans are attached to the proposals put forward by Mr Boulton and Mr Saunders. Mr Boulton's proposal envisages that the total land available for development will be taken up solely with the all tide boating lake and floodwater basin. Mr Boulton has not been specific with regard to where his studio and alternative energy system would be located. Mr Saunders' proposal also incorporates both the "balance land" and adjoining land set aside for water services purposes.

WEIGHTED ATTRIBUTE TABLE

As mentioned previously in this report a weighted attribute table was included within the proposal document.

The weighted attributes have been assessed by staff within the Planning, Water Services and Property Units of the Council and are detailed as follows:

WEIGHTED ATTRIBUTED TABLE – FERRYMEAD

		Clive Boulton		Geoff Saunders	
<i>Attribute</i>	<i>Weighting</i>	<i>Rank</i>	<i>Score</i>	<i>Rank</i>	<i>Score</i>
Compatibility with Water Services	25%	5	12.5%	5	12.5%
Business Use	20%	5	10.0%	6	12%
Rental/Lease Terms	20%	0	0%	7	14%
Compatibility with Historic Park	15%	5	7.5%	7	10.5%
Financial Position	10%	0	0%	8	8%
Business Experience	10%	0	0%	8	8%
TOTAL			30%		65.5%

Sale or Lease

It is considered important for the Council to lease the land and retain ownership to ensure more control over the proposed development, particularly in light of the fact that land under the control of the Water Services Unit is to be included and also that the Ferrymead Historic Park is adjacent.

The total land available for development of approximately 18 hectares has a value of \$270,000 (based on valuation advice of adjoining land). The return on the proposed rental of \$20,000 p.a. is 7.4%.

SUMMARY

From the information supplied by the proposers and in particular with regard to the results of the weighted attribute analysis it is considered that there is clear evidence that the proposal as submitted by Mr Geoff Saunders is superior to the proposal as submitted by Mr Clive Boulton.

The Council should be aware that there are still a number of issues to be worked through in relation to Mr Saunders' proposal, particularly with regard to the position of the driving range and associated buildings. Preliminary discussions held with Council officers are positive however and it is not considered likely that there will be issues that will be insurmountable.

The Committee also considered tabled copies of an email from Mr Clive Boulton of Freemount Studios, expressing his support for Mr Geoff Saunders' proposal for the development of a nine hole golf course and associated driving range. Mr Boulton also stated that he accepted the comment made by the Property Manager that Freemount Studios would be better located in an area zoned for business, and that he would continue discussions with the Council's planning staff in this regard.

Recommendation: That the Property Manager be authorised to negotiate and conclude a commercial lease of the Ferrymead land with Mr Geoff Saunders or his nominee company as outlined in the report, for the purpose of establishing a golf course and driving range generally in accordance with the submission made by Mr Saunders, subject to:

- compliance with all statutory requirements
- the rental and conditions of the lease being consistent with other Council commercial-type leases
- the term of the lease (including rights of renewal) not to exceed 20 years