

High-Level Options/Scenario matrix: External lease options

Parameter / variable	Option 1: A '10-year lease' scenario	Option 2: A '20-year lease' scenario
Lease basis:	10+10yrs. (Second 10yrs at sole discretion of Council). 'Shorter-term option' .	20+10yrs (could possibly include a 'buy-back' option by Council any time after first 10 years). 'Longer-term option'
Type of bidders likely to be attracted:	Narrower range. Mainly smaller operators, community groups.	Wider range, incl. well funded medium/larger operators.
Likely outcomes:	Business as usual – current state, but with some modest improvements. Still a 'basic' visitor experience.	Refreshed/upgraded offering, quality visitor experience with good quality accommodation and facilities. Specifically designed to still provide that 'authentic' Kiwi experience.
Likely Qualmark rating	1-3 star range	3-5 star range
Statutory process (under Reserves Act or RMA):	Public notification and consultation, for either: <ul style="list-style-type: none"> - a 10-year lease, or - a variation to the Reserve Management Plan, or - a resource consent Less likely to generate high levels of interest or opposition.	Public notification and consultation, for either: <ul style="list-style-type: none"> - a 20-year lease, or - a variation to the Reserve Management Plan, or - a resource consent Could generate higher levels of interest and opposition.
Timing of Reserves Act process:	Could do the EOI process first to select a preferred bidder/operator, then followed by Reserves Act process. (Bidders can live with the uncertainty).	Could do the Reserves Act process first, to give more certainty to bidders to invest in their bids, incl their concept plans. Then followed by the EOI process.
Reference design needed	Perhaps (but basic design only). A clear vision statement and operating specification may suffice.	Probably not needed. Bidders to provide concept plans with their bids, based on a clear vision statement and operating specification.

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Initial capex required by council	Potentially around \$1-2M. Council to fund (and own) most of the facilities and infrastructure. This could result in some delay, as funding would need to be secured (via LTP) before proceeding.	Minimal. Bidders will amortise the costs of new permanent ablutions, kitchen, infrastructure services and manager's accommodation over 20 years.
Initial capex required by operator	Minimal. (Will need to purchase removeable cabins from current operator or supply new)	\$2M+
Annual lease revenue coming back to Council	\$100-200k? (Could be modelled?)	Unknown, depends on tenderers ROI. (Could be modelled?)
Risks:	Possibly less risk of opposition to use of site as a holiday park. More flexibility to change the land use after 10 years, if Council were to decide to do that.	Perhaps greater risk of opposition to use of the site as holiday park. Land use is locked in for the long term (20-30 years). A buyout option could be included, but Council would need to pay for that.
Alternative access from Earnoch Ave	Not likely to be able to include an option for access from Earnoch Ave to be considered as part of the bid process (uneconomic).	Could allow for an alternative access from Earnoch Ave to be considered as part of the bid process.
Time for the statutory process	4-6 months (publicly notify a 10-year lease), or 10-16 months (publicly notify an amendment to the Reserve Management Plan)	4-6 months (publicly notify a 20-year lease), or 10-16 months (publicly notify an amendment to the Reserve Management Plan)
Indicative cost of the statutory process	\$30k+ for expert evidence \$20k+ for process support/advisory \$20k+ for public consultation process	\$50k+ for expert evidence \$20k+ for process support/advisory \$20k+ for public consultation process