



**TECT All Terrain Park
Stage 2 Development Feasibility Study
Key Findings Report**

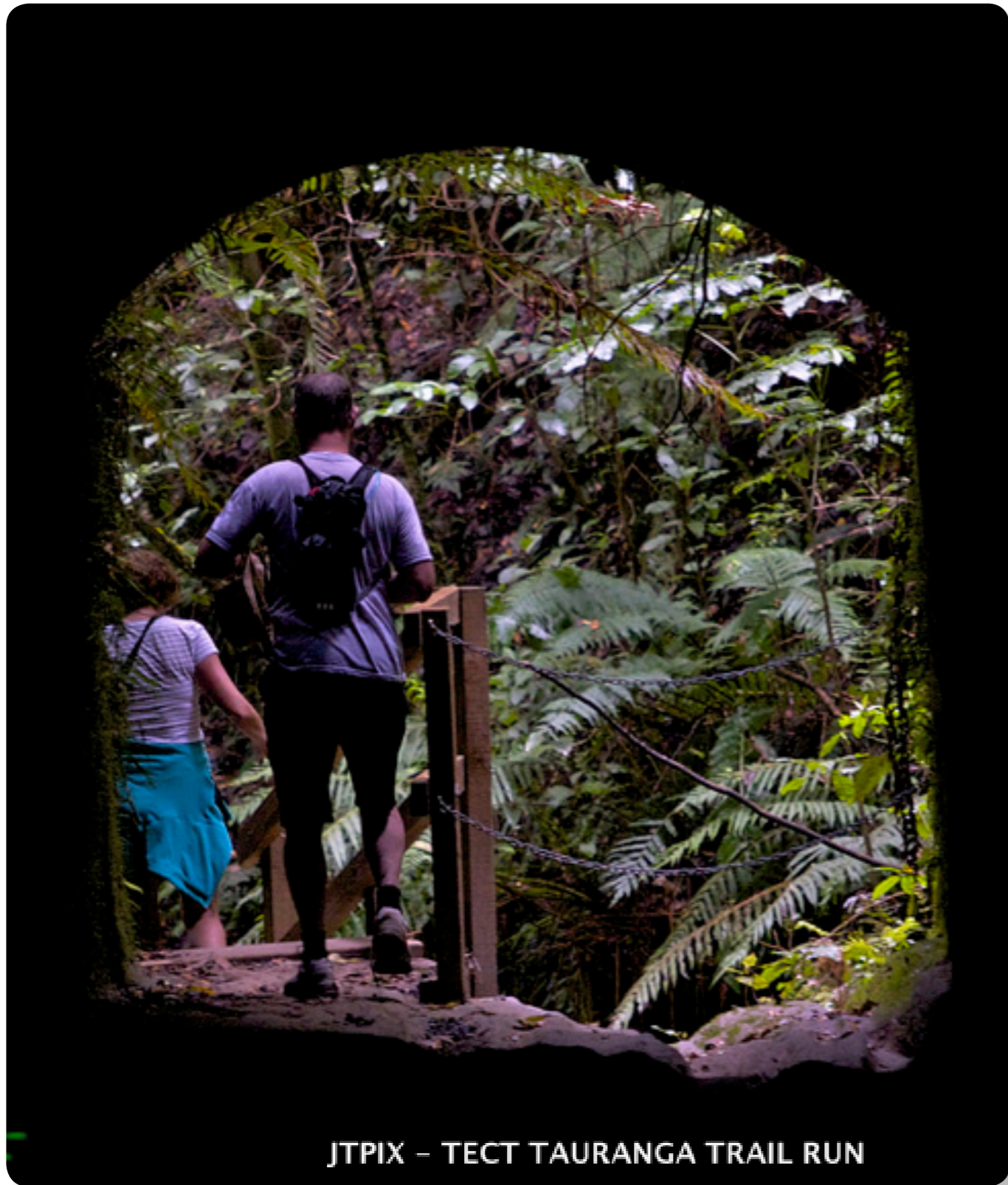
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1. Current Situation

1.0 Current Situation / Context

The following report has been developed to outline the key findings from the TECT All Terrain Park Stage 2 Development Plan Feasibility study.

A TECT All Terrain Park Management Plan has already been approved and provides guidance to Council on future park development projects. Major parts of this plan include the proposed facility developments within the Park's 'Central Hub Master Plan', such as a:

- A. Visitor & Education Centre
- B. Cafe
- C. Information Area
- D. Camping area
- E. Outdoor event space and outdoor amphitheatre.

These elements were included in the approved management plan and subsequently became part of the existing approved LTP Budget for 2009-19. The feasibility study focuses on assets within the 'Central Hub Master Plan', and those other utilities identified by user groups and the wider community.



2. Why Develop Further

The feasibility study highlights a series of findings that reinforce the need to maintain momentum, and budgets for developing the proposed Central Hub facilities. The key outcomes are:

2.1 Visitor and Population Projections

The Park's primary catchment (Western Bay of Plenty District and Tauranga City Council areas) is projected to increase by approximately 48,000 people in the next ten years. Available tourism forecast data indicate that the established trend of increasing visitor numbers to the Bay of Plenty is expected to continue.

2.2 Attracting New Users and Financial Opportunities

Developing quality outdoor recreation assets has been demonstrated to attract recreationists from outside the region, while increasing local participation rates. Quality active recreational assets such as trails and tracks will be the core visitor attractor (more than any other asset type). Events, if well-coordinated and marketed, can also attract visitors and create significant economic benefits for local communities.

2.3 Consultation Findings – Community Support

The study's stakeholder and community consultation process demonstrated people perceived a strong need for the Central Hub facility developments to be completed. For example, there is a shortage of modern multi-purpose outdoor education venues and event space in the region.

2.4 Lack of Similar Sites and Opportunities Nearby

The closest alternate park to TECT All Terrain Park in terms of dedicated outdoor recreation space and range of activities is Woodhill Forest in the Auckland region.

2.5 Inability to Meet the Park's Stated Goals / Vision without Appropriate Development

Without careful development the Park cannot fulfil its stated goals. In particular Goals 1, 9 and 10 in the adopted management plan.



3. Important Development Considerations

3.0 Important Development Considerations

3.1 Park Visitation is Linked Directly with the Quality of the Active Environment
The “core visitor attractor” to the Park in the first instance will be the quality of the active recreational assets, such as the mountain bike tracks, off road motorised recreation tracks and the horse trails. When these assets are of a high quality visitation will increase significantly, particularly with support infrastructure like camping areas and toilets.

3.2 Balanced Asset Development Sequencing is Important
Capital investment into the Central Hub should be balanced with the development of quality active recreational assets (i.e. the tracks and trails). Without this happening the Central Hub Concept will be underutilised and will not attract users by itself. It will therefore be essential that the clubs take their responsibility to develop these assets seriously.

3.3 Park Profile is Essential
If points 3.1 and 3.2 are achieved then the Park's profile, for both casual and event use, will be enhanced significantly. A proactive marketing approach and budget will be required to be tailored for the proposed new facility developments.

3.4 Investment Partners
It has been identified that some development options that could be considered non-core, such as the proposed dormitory and associated facilities, could attract independent investment partners.

3.5 Reallocation of Capital
Potential exists to reallocate capital by integrating the functions of some buildings / assets. For example, integrating the visitor centre and education centre functions. This would likely have little impact on overall site functionality in the short to medium term and enable focus to be redirected onto active recreational assets (tracks and trails).

3.6 Key Criteria for User Groups Developing Significant Facilities
It is very important that any significant facility development undertaken by the user groups within the park undergoes a robust planning and peer review process. A key focus will be on ensuring that any facilities developed are financially sustainable and do not undermine the wider strategic objectives of the Park. The most successful parks similar to TECT Park are strategically managed and avoid ad hoc developments. Not adhering to this approach will significantly undermine the Park's development potential.

As a minimum a holistic feasibility study, a business case, a review of strategic alignment, and a risk assessment should be performed on any proposed development within the Park. The scale of this analysis should be in proportion to the development and/or its potential impact on future Park use.

3.7 Avoid Perpetual or Long Term Leases
No organisation or group should be granted perpetual leases within TECT Park. All leases should have a review period and be for a set term (ideally in most instances for no more than ten years with a review period and an ability to vary any renewal). Councils, both nationally and internationally, avoid perpetual or long term leases of greater than ten years (unless there are very unique mitigating factors such as then investment of millions of dollars in not transferable assets). Granting perpetual or long term leases would not conform to industry best practice and would in all likelihood significantly undermine the Park's long term optimisation.

4. Existing and Revised Plans

4.0 Existing and Revised Plans and LTP Budgets

The capital works projects for the TECT All Terrain Park have been adopted through both Western Bay of Plenty District Council and Tauranga City Council by way of the TECT All Terrain Park Management Plan, the Central Hub Master Plan, and the LTP 2009-19 Budget shown in Table 1.

Current Item	2009-19 LTP Budget/Year	Description of Works
Optional Sector 1	\$106,000 in 2013	Event Space on East side
Public Infrastructure	\$200,000 each year	General public facilities, trails, picnic areas and shelters
Roading	\$200,000 in 2012	Sealing of Weld road and gravel on west side arterials
Whataroa Rd upgrade	\$600,000 in 2013	Grading and sealing from Hub to motorcycle track
Sub Hub & Park Signage	\$20,000 each year	On-going signage required as the development progresses
Plantings	\$50,000 each year	Landscape and replacement plantings across the Park
5ha Event Space Stage 1&2	\$150,000	Space needed for events, overflow parking and activities requiring grass surface.
Visitor & Education Centre	\$20,000 in 2012 \$600,000 in 2013 \$700,000 in 2014	\$600K Council contribution to partnership project for site works. \$700K toward building project.
Hub Rd No1 Amphitheatre	\$200,000 in 2014	Reallocate to access road upgrade to public event space.
Amphitheatre Design and Construction	\$100,000 in 2014 \$100,000 in 2015	Reallocate to public event space stage.

Current Item	2009-19 LTP Budget/Year	Description of Works
Taumata trail Tunnel	\$100,000 in 2013	Provides non-motorised access under Hwy 36 at north end of Park into Taumata Reserve.
Plans and Assessments	\$50,000 in 2012 and each year	Required for resource consents, design and construction.

5. Feasibility Study Development Options

5.0 Feasibility Study Development Options

Table 2 below outlines the Feasibility Study's proposed facility development options under the existing 2009-19 LTP budget. In simple terms it identifies the best spend for the 2009-19 LTP budgets.

Table 2: Feasibility Study Development Options under the 2009-19 LTP Budgets

Perceived Site Components	Proposed Development Recommendation with 2009-19 LTP Budget
Visitor Centre	Retrofit the existing education centre building so it can serve as the visitor centre and a potential camp manager's office (in peak season – if required).
Education Centre	Develop a new multipurpose building 'Education Centre' and external landscaping between the main car park and the 'gully' area.
Cafe	No built café is required in the immediate future (0 – 5 years). Use of mobile catering vans when required (e.g. for events).
Information Area	Incorporated into visitor centre and surrounding external interpretation area.
Camping area	Favoured option - establish a 'basic' wilderness campground (seek exemption to the national campground standards). Alternatively a standard campground could be developed (likely to be dependent on an external partnership and a detailed feasibility analysis).
Cabins	Test the market for potential development partners for commercial cabins (potentially part of a formal campground partnership). Test the market for potential development partners. Note: Strong interest from local schools and youth organisations for the following:

Perceived Site Components	Proposed Development Recommendation with 2009-19 LTP Budget
Multi-unit dormitory block	<ol style="list-style-type: none"> 130 bed dormitory block. Kitchen / Dining Facility Staff Cabins Potentially part of a formal campground partnership.
Outdoor event space	Develop a flat events area.

6. Capital and Funding Options

6.0 Capital and Funding Options

Table 3 outlines the preliminary cost estimates and highlights the potential solutions for meeting any funding shortfalls under the 2009-19 LTP budget.

Table 3: Preliminary Cost Estimates for Items within 2009-19 LTP Budgets and Potential Development Solutions

Proposed Item	Estimated Cost	2009-19 LTP Budget	Short Fall	Potential Solution
Visitor Centre (Redevelopment of existing education centre into visitor centre)	\$100,000	\$1,300,000 (For both Visitor Centre and Education Centre Development)	None	<ul style="list-style-type: none"> Have sufficient budget to complete Visitor Centre (Redevelopment of existing education centre into visitor centre)
New Education Centre -Site Works /Fees	\$440,000	\$1,300,000 (Visitor Centre and Education Centre)	None	<ul style="list-style-type: none"> Have sufficient budget to complete Education Centre
Option 1 (favoured): Wilderness Campground	Under \$100,000	\$200,000	None	<ul style="list-style-type: none"> Have sufficient budget to complete.
Option 2 Camp Ground Facilities -Shower/toilet block -Kitchen block -Site Works -Fees	\$1,000,000	\$200,000 (From LTP Public infrastructure -Toilets etc.)	\$800,000	<ul style="list-style-type: none"> \$460,000 surplus from Visitor Centre/Education LTP Budget. \$200,000 from LTP Public infrastructure (Toilets etc.) Revenue from felling of trees on campground site. Decrease qual-

Proposed Item	Estimated Cost	2009-19 LTP Budget	Short Fall	Potential Solution
				<ul style="list-style-type: none"> ity and specification of toilet/shower block. Decrease quality and specification of kitchen block.
Cabins Potentially part of Option 2 above) -10 cabins	\$370,000	None	\$370,000	<ul style="list-style-type: none"> Revenue from felling of trees on campground site. External partner /investor.
Dorm Facilities -Dorms -Staff Cabins -Shower/toilet block -Kitchen block -Site works /Fees	\$1,850,000	None	\$1,850,000	<ul style="list-style-type: none"> External partner /investor. The dorm facilities should only be developed if an external partner is willing to meet the cost and management of the dorm and associated facilities.
Event Space	\$100,000	None	\$100,000	<ul style="list-style-type: none"> Reallocation of \$100,000 from Amphitheatre Design and Construction LTP.

6. Capital and Funding Options

Table 3: Preliminary Cost Estimates for Items within 2009-19 LTP Budgets and Potential Development Solutions (Continued)

Proposed Item	Estimated Cost	2009-19 LTP Budget	Short Fall	Potential Solution
Seed funding to rejuvenate 'active recreational asset' development	Use surplus funding generated by modifying planned budgets.	Not Allowed	Assist existing community partners to continue the development of 'active recreational assets', such as tracks etc	<ul style="list-style-type: none"> Seed funding to rejuvenate 'active recreational asset' development



7. Income Generation

7.0 Income Generation

A preliminary revenue model has been developed for the existing LTP budget and/or concept plans. Further detailed business planning and consultation with potential user groups and partners will be required during the next phase to develop a final business plan suitable for the Park's second stage of development. These preliminary models make no allowance for ownership (who would derive the revenue - public / private partners) and are global for the site itself.

The model has been developed for the proposed basic campground, visitor and education centres as well as the accommodation facilities and mobile catering areas (van sites). The revenue models are conservative, but based on existing operations and the level of development of the core active recreation assets, such as tracks (the site's core attractors) (Table 4). A 5% year on year multiplier has been placed on annual revenue after establishment.

Table 4: Preliminary Revenue Generation Model for Existing Plans and 2009-19 LTP Capital Budgets

Asset	Estimated Revenue by Year				
	2013/14	2014/15	2015/16	2016/17	2017/18
Cabin (Event mode)	\$10,500	\$11,025.00	\$11,576.25	\$12,155.06	\$12,762.82
Cabin (FIT)	\$7,875	\$8,268.75	\$8,682.19	\$9,116.30	\$9,572.11
Wilderness Camp-ground (Event mode)	\$10,000	\$10,500.00	\$11,025.00	\$11,576.25	\$12,155.06
Wilderness Camp-ground (FIT)	\$4,000	\$4,200.00	\$4,410.00	\$4,630.50	\$4,862.03
Education Centre	\$2,500	\$2,625.00	\$2,756.25	\$2,894.06	\$3,038.77
Catering	\$2,000	\$2,100.00	\$2,205.00	\$2,315.25	\$2,431.01
Dormitory	\$120,000	\$126,000.00	\$132,300.00	\$138,915.00	\$145,860.75
TOTAL INCOME	\$156,875	\$164,719	\$172,955	\$181,602	\$190,683

Note: this table covers revenue only and not operational costs.

7. Income Generation

Key Assumptions

Key assumptions have been made as part of the process in developing the preliminary operational plan for key facilities. The table below outlines the usage assumptions.

Table 5: Assumptions

Asset	Assumptions
Cabins	<ol style="list-style-type: none"> 1. During events all ten cabins will be booked out at a rate of \$105 per cabin. 2. There will be 10 events per year. 3. Free and independent travellers (FITs) will be charged a rate of \$105 per cabin. 4. There will be 75 cabins booked by FITs annually.
Campground	<ol style="list-style-type: none"> 1. During events the campground will be at maximum capacity - 100 people. 2. There will be 10 events per year. 3. The camp fee will be \$10 per person. 4. Outside of events 400 FIT camper nights will occur annually.
Education Centre	<ol style="list-style-type: none"> 1. A full day charge out rate will be \$75. 2. A half day charge out rate will be \$50. 3. There will be 20 full day and 20 half day bookings per year.
Catering	<ol style="list-style-type: none"> 1. Catering will only occur at events and be restricted to two caterers at a time. 2. There will be 10 events per year. 3. Each caterer will be charged a flat fee of \$100 per event.
Dormitory	<ol style="list-style-type: none"> 1. Charge per person per night of \$15 for school / youth camps 2. 60 people per 4 night camp 3. 30 camps per year 4. Charge per person per night of \$20 for events 5. 60 people per night per event. 6. 10 events per year.



8. Facility Development and Management Options

8.0 Facility Development and Management Options

There are a vast range of different facility development and management options that could be applied to the Park. On the balance of available evidence the most appropriate method is likely to be a phased facility development and management approach.

A key driver in the first instance will be the minimisation of operational costs; which in the start-up phase in particular could have the ability to erode potential revenue. Potential facility development and management options would include a combination of the following:

1. Council develops and manages the facilities
This would be a preferred model for facility components that are seen as core to the Central Hub Master Plan, but which generate no, or limited revenue. Examples would be the visitor centre and education centre.
2. Council develops certain facilities and leases them to external operators
Potentially income generating assets, such as the campground and cabin facilities, could be developed by Council and leased / contracted to an external operator.
3. Private Partner Investment
A private partner would have a ground lease with Council to develop and then manage a facility (such as a dormitory/ camp / cabins).



9. Staging Approach

9.0 Staging Approach

The following table outlines the potential staging approach that the central hub master plan could adopt. This managed approach would minimise the initial capital expenditure and allow the market to be tested prior to larger capital investments being made in the medium to longer term. It is considered essential that the Park and its partners consider investing in improving core track and trail infrastructure which is the main attractor of recreational visitors. Without this investment the Park will not optimise its potential social, financial and recreational benefits.

Table 6: Proposed Staging

Proposed Stage	Proposed Item
Stage 1	Visitor Centre -Redevelopment of existing education centre into visitor centre -Include information area to be incorporated into visitor centre and surrounding external interpretation area.
Stage 1	Track and trail investment
Stage 2	Camp Ground Facilities -Establish a 'wilderness' standard campground (seek exemption to the national campground standards e.g. DoC type campground)
Stage 2	Track and trail investment
Stage 2	Cafe -No built café is required in the immediate future (0 – 5 years). -Develop two mobile catering 'pads' with access to mains power. These 'pads' will accommodate mobile catering vans. -Install two vending machines for use during 'out of season' and 'out of hours' times.
Stage 3	New Education Centre Site Works/Build

Proposed Stage	Proposed Item
Stage 3	Track and trail investment
Stage 4	Cabins -10 cabins
Stage 4	Track and trail investment
Stage 5	Dorm Facilities -Dorms -Staff Cabins -Shower/toilet block -Kitchen block Site works/Fees
Stage 5	Track and trail investment

Note: read in association with Table 3.

10. Conclusions

10. Conclusions

1. A key to TECT Park's success (even in the short to medium term) will be the improvement in the quality of its core recreational assets, such as the mountain bike tracks, horse trials and motorised sports tracks. These assets will be the main attractors for potential Park users. Although this area is currently the responsibility of the Park's clubs and organisations Visitor Solutions believes its importance means it should be more centrally controlled and supported. Failure to address this issue will mean TECT Park will underperform as a recreational asset regardless of the level of investment made in the central hub area.
2. Demand exists now and is projected to increase into the future, for outdoor recreation opportunities such as those provided for at TECT Park. However, recreationists' willingness to travel means they will often pass by sub optimal sites /assets in favour of those that offer better quality experiences.
3. There is limited large event space in the Tauranga and Western Bay of Plenty region for motorised and non-motorised outdoor recreation and sports. TECT Park has the potential to fill this gap if developed strategically.
4. There was an identified demand for accommodation to serve outdoor education needs. TECT Park could be a suitable location for such accommodation in the future.
5. There is potential for private partners to fund some of the accommodation facility developments where there is currently no budget allocated.
6. Under the Park's existing or proposed LTP budgets there is scope to develop the Central Hub Concept Plan. Some budget reallocation may generate improved visitor outcomes while also enabling unbudgeted priority areas (such as track development) to be targeted.
7. Under capitalisation in key areas (such as track development) prior to it reaching critical thresholds is likely to slow the Park's potential visitor growth and limit its benefit to the community, both economically and socially.
8. Parks in the early development phases, such as TECT Park, are often at risk of ad hoc planning. It is essential that all development decisions align with long term strategic plans and management plans. Best practice both nationally and internationally clearly indicates that all development leases should be strictly governed and should not be perpetual or for terms longer than ten years. The only exception to this would be in cases where millions of dollars of capital investment are being made in non-transferable infrastructure.
9. All proposed developments should be subject to holistic feasibility analysis, business planning, strategic alignment reviews and risk assessments prior to management or governance decisions being made. The level of analysis undertaken should be proportionate to the proposed development's potential financial or strategic impact.



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