

FRANKSTON SAFE BOAT HARBOUR MARKET SOUNDING – BRIEF SUMMARY OF RESPONSES

PARTICIPANTS: (Four Private Sector Marina Industry Firms)

TENURE

- Head Lease 99 years ideal, but 50-years with renewal options over 25-years acceptable.
- Head Lease needs to make provision for sub-leases to commercial and other users.
- May be preferable to lease land and licence water area with sub-leases available in both cases.

MANAGEMENT MODELS

Three Options:

1. Direct management by developer / owner.
2. Contract operator managers – chosen by developer / owner.
3. Committee of Management made up from commercial and community Stakeholder – Tenants, responsible to public/private Joint Venture Umbrella Company (Head lessee)

PROFIT MARGINS

Two rates of return identified with different profit margins:

1. Developer profit margin range 15 – 35% (25%)
2. Operator profit margin range 10 – 15% (15%)

ISSUES AND RISKS

Main issues and risks relate to procurement and viability:-

- Procurement
Uncertainty with timetable for delivery, including further studies required, approval process for additional facilities, tenure, slope stabilisation responsibility, site conditions (sea-bed dredging depths, reclamation materials)
- Viability
Ensuring commercial viability / profit margins flow from short and long term operations by including sufficient revenue-producing facilities, allowing freedom to manage and/or securing infrastructure funding by government option.

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PLANNING AND SCOPE

- **Planning**
Process for approved model is clear but clarification needed on process for expanding on-land limitations in order to achieve viability of development.
- **Scope**
Clear but too prescriptive and limits viability by prescribing boat sizes, floor areas much too small and eliminatory facilities such as dry-stack and accommodation, needed for commercial success.

COMMERCIAL VIABILITY

- **Commercial viability**
The project is not considered viable in its present form, either as private sector or public / private sector project.
- **EOI / Tenders**
Responses are likely, but expect them to be qualified or non-conforming in terms of current limitations on project components (see below)
- **Re-packaging needed in order to provide sufficient revenue stream to cover development costs:**
 - Remove restrictions on vessel and berth sizes
 - Increase floor space for commercial facilities – marine retail, restaurants and boat repairs.
 - Allow dry-stack boat facility storage.
 - Allow residential or short-stay accommodation
 - Alternatively seek government funding of breakwaters and infrastructure
- **Other Suggestions**
 - Consider public/private sector Joint Venture model involving shared capital and operating responsibilities.