

TERN POINT RECREATION AND CONSERVATION SOCIETY INC

PROPERTY MANAGEMENT GROUP (PMG) REPORT TO AGM

Proposed 5 Year Plan

Background

For many years, Tern Point owners have enjoyed a very low annual levy relative to other gated communities. The committees have done very well to manage within that low income with the assistance of a large volume of voluntary work done by owners. In recent times however, we are seeing low numbers turning out for voluntary work and these tasks are unfairly and mainly landing at the feet of the permanent residents. Also, a number of these tasks are beyond the physical capability and equipment needs of the owners. Two clear examples of this are (1) when the trees in the olive grove were stag-horned and (2) when the olive trees on the side of the road were trimmed to clear the tar-seal and also the electric powerlines. In both cases we attempted to use voluntary labour to clear up and in both cases, it proved too much for those who could and would help.

We are also seeing the historical low maintenance spending in a number of areas catching up and we will need to spend money to maintain our total asset value.

This paper endeavours to paint a realistic picture of what needs to be addressed to maintain value in our asset.

All owners have an interest in ensuring that the total Tern Point property is well presented. We own either as individuals, collectively or as guardians, a large value of assets. Most of these are covered in this paper.

1. Front Gate/Entrance (Kevin Eddington & Dave Hurley)

It has been recommended that the front gate structure can probably last a few more years and has been given some TLC in the current year to prolong its life. We expect it to be some 5 - 6 years before major expense to rebuild the structure will be required.

At that stage, we recommend that the electronics and security is all reviewed to ensure we have the appropriate technology in place. A PC (prime cost) sum of \$20,000.00 is included in this paper in the future.

2. Front Gate Hedge (Kevin Eddington & David Robinson)

The hedge on either side of the main gate has died off in large portions. This will require replanting for presentation reasons and to ensure security for the property. In all some 25/30 hedge trees need to be purchased, planted and maintained. Estimated cost \$1500.00. Urgency: FY 20/21.

3. Tern Point Roadway (DQ)

No issues. Only minor maintenance is foreseen in the near term with major costs of resealing several years off. Road fund is invested. Urgency: TBA.

4. Roadside Olive Trees (PMG)

We have trimmed the roadside olive trees by a third in height and taken them back from the roadside seal by up to a meter. As olive tree growth is vigorous, this work is probably required every second or third year. The work will involve two contractors - the contractor with the trimmer and another to do the mulching or moving to a fire heap. Actual Cost 2020 \$3409.00 plus some extra clean up time for Bullen – Budget every second or third year \$5000.00.

5. Other Roadside Trees (PMG)

Where trees encroach onto the road and restrict visibility or passing access, they must be trimmed as above. Where these trees are on the front of an owner's property, we expect the owner to trim these trees back themselves at the request of the Property Management Group.

Estimated cost \$1000.00 every second year. Urgency 20/21.

6. Roadside culverts and drains

Generally, all in good shape but need to be kept clear of debris in case of weather events. John Bullen does this as part of his contract.

7. Tracks (Isabelle McDell)

Our tracks are now well established but do require ongoing maintenance, mainly done by residents, particularly following weather events. However, there are a number of maintenance issues that need to be attended to that are not necessarily appropriate for residents to attend to. For example, spraying with chemicals for gorse, Pampas, asparagus weed and other noxious plants. We also need to maintain signage and directional markers. Bullen does some spraying as an add on to his contract as he has the necessary certification.

On the farm walk, there are several culverts. Some of these do not drain well into the estuary and need to be dug out and reset. There is also ongoing mowing and spraying along the farm walk. This is done by Bullen as part of his scheduled maintenance program.

Annually we spend about \$40,000 on our maintenance contract. To bring deferred maintenance up to date we need to spend an extra \$2000.00. Urgency: now and ongoing.

8. Bund Wall

Following the completion of the upgrade work completed last year, Bullen has continued to clear acacia from the bund wall. Some of this has been paid for by residents to enhance estuary views and also preparing for the next upgrade of the estuary foreshore. Some of this work has been done by Bullen as an add on to his contract.

8 (a) Foreshore (On Hold)

From previous AGM's you will be aware of the work that is scheduled to arrest erosion along the foreshore. This project is being reviewed and is currently on hold.

9. Boat Shed (D Hurley)

The boatshed timber has enjoyed little if any TLC over the years. To prolong its life and appearance, the timber could stand an oiling. We have a contractor quote at \$3242 (GST Incl), to do the work.

10. Common Land (PMG)

The common land adjoining the Dune is generally looked after by the residents in that area and most have, at some stage, planted native trees to enhance the area. There are several walking tracks in the area and the most work comes from a weather event. Bullen does some spraying in this area as an add on to his contract when deemed necessary.

The common land from the stockyards to the Paisley property is an issue. It has acacia plus every unwanted weed growing there. It is very steep land and requires professional people to work in the area due to safety issues. To get this area under control is an up-front estimate of \$5500 and then an annual maintenance cost for weed control etc. of \$1000.00.

The Village Green is currently untouched and will remain that way until we turn it into a wetlands area. It does not look attractive at the moment and will only get worse. In a very dry summer, it is also a potential fire risk. A plan to undertake this has been drafted and with earthworks and plantings will cost some \$10,000.00. Urgency: near term.

There are two culverts that need to be replaced in this area and two on the farm track. Cost \$2000.00. Urgency now.

There is ongoing maintenance of the common area between Johnstons and the Boatshed usually carried out by the Johnstons and some work by Bullen.

11. Boat Ramp (Users)

Boat owners and ramp users look after issues as they arise. This is generally loose sand building up on the ramp having to be removed.

12. Olive Grove (PMG)

As a community we need to make decisions regarding the olive grove. Do we want to keep it? Do we want it to be the picture-perfect olive grove or are we less concerned with perfection? If we do want perfection, or a degree of it, are we going to do the maintenance of the trees ourselves or pay someone to prune and spray etc.? How many trees do we want to keep – all? or cut the numbers by 25%? 50%? It's obvious from this year (Covid 19 or not) many of us like the social aspect of the picking and we like the oil. We have little enthusiasm for the maintenance work.

We need to develop our community agreed plan. For the purposes of the AGM, the PMG are recommending as follows:

RECOMMENDATION: Annual demand for olive oil by owners is approximately 500 x 500ml bottles of oil. To achieve this volume requires some 1250 – 1500 kgs of picked olives depending on yield. We need to keep approximately 50% of the olive grove to meet this demand, we therefore recommend that we only manage the front half of the olive tree to a suitable standard and ignore the rest. We do the picking ourselves, we pay to get the olives pressed and sell the oil within the community as we do now. We contract out the pruning, spraying and ground maintenance. We are estimating this could cost between \$5000 and \$10,000 p.a.

John and Ann Russell will provide technical advice but cannot do the work due to their own workload.

13. Dune Planting Program (Heather Quinn)

This is a program to control the sand movement into Tern Point where we assist DOC and NRC. For Tern Point it is managed by Heather Quinn. It involves collecting seed from the spinifex on the dune around New Year, bagging up the seed to be sent off to the nursery to be germinated and grown for 2 years. These plants are then sent back to us, and we plant them where DOC and the NRC direct. We also apply fertilizer each year. Annual cost is \$300.00.

14. Rabbit Control (Heather Quinn)

This program is organized by Heather and volunteers help out. Generally done in fine weather late July or August and involves laying Pindone around all common area boundaries twice. Heather is also trained to us poisonous gas to kill rabbits in burrows. Approximately \$400.00 p.a.

14. Farm (PMG)

First, a little background. It's important all residents understand the current condition of much of the farm. When Tern Point was set up, the lessee at that time did not approve of residents having access to the farm, so we effectively did no work on the farm. Inputs to the farm from the lessee were minimal and there was no pasture improvement, planting program, drainage maintenance, fencing upgrade program etc., carried out. Not the way a prudent farmer would manage his land. The farm was all money out and very little money spent - only very basic repairs. On the change of lessees, we built the stockyards, completed the farm walking track and perimeter boundary fence to stop cattle from breaking out – previously this happened often.

The short story is that the farm has been rundown over many years. What has been done has often been done on the cheap, leaving us many thousands of dollars and years behind what a prudent maintenance and reinvestment program would look like.

In the past 5 years we have set a budget to complete some improvements only to have unbudgeted expense come from left field meaning cancellation of a part of our program every year. We have no contingency fund or access to a contingency fund. In recent times we have spent virtually all of our rental income on fixing legacy issues on the farm.

ALTERNATIVE FARM PLAN (Now in place)

Lessees

In having the Woolleys as our tenants we are very fortunate. They are very easy to deal with and are very accommodating in doing jobs around the farm at no cost that obviously help them and us. It's a very convenient arrangement for both parties.

The Lease

The first thing to note is that we (the owners) are not farmers and have no intention of ever being farmers of our land. The second thing to note is that the current lease arrangement provides little incentive for the lessees to do much more than take as much as they can out of the farm and put very little back – they effectively have a year by year lease and could lose the lease on 12 months notice and therefore not get a return on any investment.

Discussions with Karen resulted in us offering the Woolleys a much more stable arrangement - a 5 year lease with 2 x 5 year right of renewals. We have included various performance expectations (fencing, planting pasture improvement etc.) and rent review clauses, which will be negotiated by the parties on a win/win basis. The benefit to us is that a much larger portion of the lease income would be all ours and not sucked back into the farm, as well as much less time spent on administration and management of the farm.

The benefit to the Lessees is that they can invest in fencing, planting and pasture management knowing the lease is safe into the future and they can get the return they want from their investment.

This change will improve our cash position by some \$12,000 – \$16,000 p.a. next year and thereafter.

The PMG has received a professional estimate of a fair market rental for the farm. The lessees will be undertaking a pasture upgrade this spring of another paddock.

Projected Foreseen Property Expenditure

In looking into the future, we may have a large one-off financial impact on owners, with the possible sealing of Raymond Bull Road (assuming a positive vote).

Figures below are estimates only.

	Year 1	Year 2	Year 3	Year 4	Year 5
Gate Entrance	0	0	0	0	(20,000.00)
Front gate hedge	2000.00	MC	MC	MC	MC
TP Roadway	0	0	0	200.00	0
Road Olive Trees	6000.00	0	6000.00	0	6000.00
Other Roadside	500.00	0	1000.00	0	1000.00
Drains & Culverts	MC	MC	MC	MC	MC
Tracks	2000.00	1000.00	300.00	300.00	300.00
Bund Wall	MC	MC	MC	MC	MC
Stage 2	On Hold	SC	SC	SC	SC
Boatshed	3250.00	0	0	500.00	0
Common Land	3500.00	1000.00	1000.00	1000.00	1000.00
Village Green	1000.00	6000.00	3000.00	2000.00	0
Boat Ramp	0	0	0	0	0
Farm	6500.00	6500.00	6500.00	6500.00	6500.00
Stock Shelter	5000.00	12,000.00	12,000.00	12,000.00	12,000.00
Dune Planting	300.00	300.00	300.00	300.00	300.00
Rabbit Control	300.00	TBA	TBA	TBA	TBA
Rubbish Disposal	600.00	0	0	0	0
Totals	30,950.00	26,800.00	30,100.00	22,800.00	47,100.00
Maint Contract	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00
Olive Grove	*7500.00	*7500.00	*7500.00	*7500.00	*7500.00
Total with Olive Grove	78,450.00	74,300.00	77,600.00	70,300.00	94,600.00

Note 1: MC = Maintenance Contract

SC = Special Contract

* = Mid point Estimate

**Property Group
2020**