



Argyll and Bute Council
Comhairle Earra-Ghàidheal Agus Bhòid

Executive Director: Douglas Hendry

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28 November 2019

NOTICE OF MEETING

A Special meeting of the **ARGYLL AND BUTE HARBOUR BOARD** will be held in the **COUNCIL CHAMBER, KILMORY, LOCHGILPHEAD** on **THURSDAY, 5 DECEMBER 2019** at **12:30 PM**, or at the conclusion of the Environment, Development and Infrastructure Committee at 10.30am, whichever is the later, which you are requested to attend.

Douglas Hendry
Executive Director

BUSINESS

- 1. APOLOGIES FOR ABSENCE**
- 2. DECLARATIONS OF INTEREST (IF ANY)**
- * **3. OBAN BAY - SINGLE HARBOUR AUTHORITY** (Pages 3 - 10)
Report by Executive Director with responsibility for Roads and Infrastructure
- * **4. ROTHESAY PONTOONS** (Pages 11 - 30)
Report by Executive Director with responsibility for Roads and Infrastructure Services

Items marked with an "asterisk" are items, on the basis of information available at the time this Agenda is published, on which the Committee may not have delegated powers to act, and which may therefore require to be referred to the Council or another Committee, and that referral may depend on the decision reached at the meeting.

Argyll and Bute Harbour Board

Councillor Robin Currie (Chair)
Councillor Jim Lynch
Councillor Alastair Redman
Councillor Richard Trail

Councillor John Armour
Councillor Ellen Morton (Vice-Chair)
Councillor Alan Reid
Councillor Andrew Vennard

Contact: Hazel MacInnes Tel: 01546 604269

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ARGYLL AND BUTE COUNCIL

HARBOUR BOARD

**ROADS AND INFRASTRUCTURE
SERVICES**

5 DECEMBER 2019

OBAN BAY – SINGLE HARBOUR AUTHORITY

1.0 EXECUTIVE SUMMARY

- 1.1 This report explains the background to the creation of the Oban Bay Management Group (OBMG) and why a Single Harbour Authority (SHA) is being considered.
- 1.2 The OBMG was established in 2008 as a partnership between the three main infrastructure providers in the marine environment in Oban; the group includes Caledonian Maritime Assets Ltd (CMAL), the Northern Lighthouse Board (NLB) and Argyll and Bute Council, with Calmac providing assistance as required.
- 1.3 The OBMG has produced guidance documentation to assist with safe navigation in Oban Bay; the Group has also given consideration to the formation of an SHA at Oban Bay, again in the interests of safety.
- 1.4 At the Harbour Board in September 2018, Members agreed to:
- a) ask CMAL to pause the process of expanding their harbour area until further consultation is carried out given the interest expressed locally in establishing a trust port; and
 - b) a further report to be provided to the next meeting of the Harbour Board providing an update on the progress towards establishing a single harbour authority for Oban.
- 1.5 The OBMG, including CMAL, agreed to postpone CMAL progressing a single order to enable stakeholder consultation.
- 1.6 A consultation exercise was carried out in which the majority of respondents were in favour of setting up a Trust Port at Oban Bay.
- 1.7 Oban Community Harbour Development Association (OCHDA) has been established to develop the option of creating a Trust Port. OCHDA are proposing a transfer of the Council's existing powers and responsibilities in Oban Bay, including those around the North Pier, to the new Harbour Authority.
- 1.7 It is recommended that the Board:
- Subject to consultation with the OLI Area Committee, Instruct officers to

investigate further the proposal to establish a Trust Port and to the transfer of powers at the South Pier (any transfer would not happen unless the Harbour Order was subsequently granted by Transport Scotland)

- Instruct officers to investigate further with OCHDA the options of transferring the powers at the North Pier and the transfer of assets at the North Pier, on a commercial basis
- Recommend to Policy and Resources Committee that they delegate to the Executive Director with responsibility for Marine Operations in consultation with the Executive Director with responsibility for Legal Services the agreement of an MoU with OCHDA on the basis set out in paragraph 4.18.

ARGYLL AND BUTE COUNCIL

HARBOUR BOARD

**ROADS AND INFRASTRUCTURE
SERVICES**

5 DECEMBER 2019

OBAN BAY – SINGLE HARBOUR AUTHORITY

2.0 INTRODUCTION

2.1 This report explains the background to the creation of the Oban Bay Management Group (OBMG) and why a Single Harbour Authority (SHA) is being considered. It sets out the proposals of the Oban Community Harbour Development Association for the development of a Trust Port and potential next steps.

3.0 RECOMMENDATIONS

3.1 It is recommended that the Board:

- Subject to consultation with the OLI Area Committee, Instruct officers to investigate further the proposal to establish a Trust Port and to the transfer of powers at the South Pier (any transfer would not happen unless the Harbour Order was subsequently granted by Transport Scotland)
- Instruct officers to investigate further with OCHDA the options of transferring the powers at the North Pier and the transfer of assets at the North Pier, on a commercial basis
- Recommend to Policy and Resources Committee that they delegate to the Executive Director with responsibility for Marine Operations in consultation with the Executive Director with responsibility for Legal Services the agreement of an MoU with OCHDA on the basis set out in paragraph 4.18.

4.0 DETAIL

Background

4.1 Increases in marine traffic within Oban Bay and its approaches have highlighted the need for the waters to be controlled and regulated by a single Harbour Authority. This led to the creation of the Oban Bay Management Group (OBMG).

4.2 In March 2018 the OBMG agreed to support the expansion of CMAL's Harbour

Area to include the outer bay and its approaches. The Council's Harbour Board also supported this approach.

- 4.3 Over the summer of 2018 an extensive public consultation exercise was undertaken by the OBMG. This produced a widespread consensus on the following points:
- Almost all respondents agreed that the outer part of the bay needs to be regulated;
 - The vast majority of respondents stated that they did not think that CMAL should be responsible for this.
- 4.4 The Council had indicated at that time that it did not wish to extend its Harbour area to create a larger Municipal Port on the basis of the increased liabilities. It was felt that CMAL had more specialist resources to undertake the role. Following stakeholder engagement, in the absence of a Municipal Port, the majority of respondents favoured the creation of an independent Trust Port for Oban.
- 4.5 The Stakeholder Group therefore asked that they be given the opportunity to undertake an evaluation of the financial viability of a Trust Port, a request which was supported by the A&BC Harbour Board and was subsequently agreed to by the OBMG. The assessment was completed in the spring of 2019, following which the OBMG agreed to give the Stakeholder Group until March 2020 to make significant progress towards the preparation of the necessary legislation to enable the new Harbour Authority to be created.

Current status

- 4.6 In March 2019, the Stakeholder Group formed the Oban Community Harbour Development Association (OCHDA), which has been working on the next phase of the project during the summer and autumn of 2019. Whilst significant progress has been made by this voluntary group, a number of issues still require to be addressed. Some of the more significant issues are as follows:
1. The legislation relating to the regulation of Oban Bay has an extensive and complex history. Whilst broad consensus has been reached between the OBMG as to who currently has jurisdiction over which body of water, incorporating this historic legislation into a new Harbour Order is challenging. The council is currently including the waters around North Pier in Oban as part of a Single Harbour Order which covers all the ports and harbours which the council has responsibility for.
 2. The primary aim of establishing a single harbour authority is to improve safety within the bay for all users. OCHDA are of the view that requiring a visiting vessel to first contact the new Harbour Authority (HA) when entering the bay, and then liaise with the Council Harbour or Pier Master before approaching the North Pier and/or pontoons is not consistent with this as it complicates the process and increases the potential for confusion and/or conflict.

3. OCHDA are also of the view that there seems to be little point in duplicating many of the facilities and services that each Harbour Authority will have to provide.
- 4.7 OCHDA have discussed these issues at length, both internally and also with local Councillors and the wider group of stakeholders. Their stated aim is to deliver a solution which is advantageous to both organisations as well as the users and residents of Oban.

Outline proposal

- 4.8 OCHDA are proposing a transfer of the Council's existing powers and responsibilities in Oban Bay, including those around the North Pier, to the new Harbour Authority.
- 4.9 In order to meet the March 2020 deadline OCHDA have indicated a desire to adopt a pragmatic approach to progressing their proposals. OCHDA would like to discuss the following proposals with the Council:
 - For both parties to agree (by way of a Minute of Agreement if appropriate) that the new Harbour Order will be drafted on the basis of the Council agreeing to transfer its powers to the new Harbour Authority (the transfer would not happen unless the Harbour Order is subsequently granted by Transport Scotland);
 - Both organisations work towards the transfer of relevant assets (initially the seaward part of the North Pier, the North Pier pontoons and the associated harbour building/offices) from the Council to OCHDA. They envisage that this transfer might take place over a number of years, and could perhaps be in the form of a 'lease with an option to buy' agreement;
 - OCHDA have stated that their preference would be for a transfer of powers (Harbour Order covering North Pier) and assets (the Pier berthing face, pontoons and Harbour Building) to provide a viable package which could be operated on a sustainable basis.

OCHDA are of the view that such an approach will bring about significant benefits for both Oban and the wider area of Argyll and Bute, and will also provide a number of benefits and savings to the Council.

In order to meet the timescales requested it is proposed that the Harbour Board recommend that the Policy and Resources Committee agree to the council entering into an MoU with OCHDA. The Harbour Board has a remit in relation to the operation of the harbour and Policy and Resources Committee has a remit in terms of the transfer of assets. Given the local importance of the harbour it is also recommended that the OLI Area Committee are consulted on the proposals.

Points to consider

- 4.10 OCHDA appear willing to make payment that would cover Council costs including capital charges for the pontoons and Marine Visitor Centre. Initial

analysis indicates that that the North Pier and associated marine infrastructure makes a loss before capital charges are taken into account. Consideration would need to be given to how the car park and restaurant area of the pier is treated. OCHDA have been advised that they would need to demonstrate that they would be sustainable financially and in terms of their capacity. One way to allow sustainability to be demonstrated would be to initially lease assets to OCHDA with an option to purchase being contingent on demonstrating appropriate capacity and financial viability. Any new expanded harbour authority would generate income from a conservancy fees, paid by each vessel entering the harbour. This would be in addition to current harbour charges.

- 4.11 North Pier has currently not made a profit between 2010-11 – 2018-19 due in part to one off payments to third parties and significant asset sustainability investments. However, berthing dues have been increasing in recent years at the North Pier and the addition of the pontoons generated an additional income of £18,100 in the first part year and £73,000 in the first full year of operation. It is anticipated that the pontoons will see an ongoing increase in income which could be further enhanced by extending the pontoons and generating additional opportunity for mariners.
- 4.12 A transfer of assets would inevitably include a transfer of some if not all of the staff employed in activities supporting the North Pier. This transfer would be carried out under TUPE. Staff employed at the North Pier also carry out duties across other marine assets across the Oban Lorn and Isles and occasionally more widely across marine assets across Argyll and Bute. TUPE transferring of staff would have a detrimental impact on the overall resilience of the marine team.

Recent Development

- 4.13 The Transit Berthing Facility was renamed the Oban North Pier Pontoons project: in April 2015 the Oban Lorn and the Isles (OLI) Area Committee approved the design layout and subsequently in June of that year approved the recommendation to seek approval for development funding from the Policy & Resources Committee to enable the project to be taken forward to the procurement stage. A revised CHORD budget allocation of £1.5m, was supplemented by external funding of £700k from RCGF and £300k from HIE, giving a total capital budget of £2.5m. The construction contract was awarded in December 2016 with the facility operational by the end of July 2017. The contract is on programme to close out in December 2019, within budget.
- 4.14 The Harbour Building includes: dedicated showers, toilets, changing areas; and secure storage lockers for maritime visitors. Additionally there are 4 commercial spaces, two on the mezzanine floor and two on the ground level, including: a harbour-master's office; an office for the North Pier Pontoons operator; and two additional spaces, one let as a shop, and one room available for hourly rentals for meetings and presentations. The harbour buildings are subject to a separately funded package for their capital costs.
- 4.15 The Marine Operations Service, in partnership with Regeneration Project

Manager, have developed options for the on-going operational business model for this facility. However, before we can consider whether to take this opportunity to market, we need to have compiled the requisite data in respect of costs, revenues, management structure, regulatory requirements etc. and benchmark the Oban facilities against comparable Council facilities in Rothesay and Campbeltown. This can only be achieved by monitoring the operation of the facilities once the construction contract is fully closed out, and for a full operational season i.e. through to the end of 2020. At this point we will be in a position to make recommendations as to the most sustainable and efficient operating model for the facilities in Oban going forward.

Options

4.16 There are a number of options available including:

- Facilitate OCHDA progressing a Trust Port with a transfer of assets, including staff.
- Facilitate OCHDA progressing a Trust Port with a transfer of harbour powers, without a transfer of assets. The council would continue to operate the North Pier and pontoons possibly extending the commercial offer at this location.
- CMAL to progress becoming the Harbour Authority.
- Argyll and Bute Council to form a Municipal Port.
- Continue with the status quo. This option is not recommended and should be discounted.

4.17 In principle officers support the Trust Port in recognition of community feedback and in interest of long term safety within the bay. More work with OCHDA is required on the options above, including a Municipal Port, to fully understand cost and other impacts. Should a Trust Port be considered further it would have to be on commercial terms. Commercial terms would in effect cover the council's costs and income. OCHDA are of the view that a transfer of powers with assets would be a logical requirement.

4.18 To provide OCHDA with evidence of continued progress and to demonstrate a willingness by the the council to explore the options to transfer assets and powers, officers recommend that an MoU is entered into by both parties. The MoU would set out a willingness on the part of both organisations to enter into further discussions regarding the establishment of a Trust Port, agree to explore the commercial terms on which that might happen and the implications of doing so. The result of those discussions would be reported to the appropriate committee(s) before any further decisions on the transfer was taken, including the Council in relation to asset transfers.

5.0 CONCLUSION

5.1 OCHDA are proposing the establishment of a Trust Port to manage Oban Bay. They are also seeking a transfer of the Council's existing powers and

responsibilities in Oban Bay, including those around the North Pier, to the new Harbour Authority. OBMG agreed to give the Stakeholder Group until March 2020 to make significant progress towards the preparation of the necessary legislation to enable the new Harbour Authority to be created. In order to meet the deadline OCHDA have indicated a desire to adopt a pragmatic approach to progressing their proposals and have suggested entering into an MoU with the council. Officers are recommending that an MoU is agreed, allowing discussion of the options to continue while providing OCHDA with evidence of progress.

6.0 IMPLICATIONS

- 6.1 Policy - None
- 6.2 Financial – The financial impacts cannot be assessed until further discussion with OHDA have been completed.
- 6.3 Legal – Legal implications of any transfer will be considered as part of the discussions with OCHDA.
- 6.4 HR - None
- 6.5 Equalities / Fairer Scotland Duty – None
- 6.6 Risk – Advice from the OBMG is that ‘to do nothing’, given concerns over safety at Oban Bay, is not an option worthy of consideration.
- 6.7 Customer Service – None.

Executive Director with responsibility for Roads and Infrastructure: Pippa Milne

Policy Lead: Councillor Robin Currie

November 2019

For further information contact

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ARGYLL AND BUTE COUNCIL**HARBOUR BOARD****ROADS AND INFRASTRUCTURE****5 DECEMBER 2019**

ROTHESAY PIER - OUTER BERTH PONTOONS

1.0 INTRODUCTION

- 1.1 This report is a covering report to an outline business case which is appended to this report covering the outer berth pontoons at Rothesay Harbour.

2.0 RECOMMENDATIONS

- 2.1 It is recommended that the Harbour Board approve additional prudential funding of up to £150k funded through the Rothesay Harbour account to fund the preferred option 3 of the outline business case attached as **Appendix 1** to this report.

3.0 DETAIL

- 3.1 Rothesay Harbour is a council owned asset on the Isle of Bute. The harbour has a number of pontoons which are reaching the end of their useful life and currently operated by the Bute Berthing Company. Funding of £150k has already been allocated through the Town Centre Fund for a like for like replacement which would include chains and anchors to secure the pontoons to the sea bed.
- 3.2 The attached outline business case in **Appendix 1** however examines three potential options for consideration by members with a recommendation for prudential borrowing for up to £150k to enable the provision of the recommended option 3 that consists of a piled solution. It is considered that this borrowing requirement will be able to be paid back through the generation of additional revenue of £55k per annum, together with the need for less maintenance costs (£210k over the lifetime of the asset). It is also forecasted that the piled pontoons solution will provide a significant economic boost to the island by way of additional visitors.

Option 1: Use Existing Chains and Anchors

The new pontoons and fingers will be secured using the existing ground anchors/mooring system. This option will be subject to a full survey of the existing arrangement, with associated risks and costs given the age and condition of the existing infrastructure.

Annual inspection of the chains and anchors/mooring system will be required, including repair/replacement of component parts. Costs for this are moderate to high.

Additional cost will be incurred during future maintenance dredging due to presence of

chains/anchors.

Option 2: Replace Existing Chains and Anchors

The new pontoons and fingers will be secured with the installation of new ground anchors/mooring system attached to new chains.

Annual inspection of the chains and anchors/mooring system will be required, including repair/replacement of component parts. Costs for this are moderate.

Additional cost will be incurred during future maintenance dredging due to presence of chains/anchors.

Option 3: Piled System

The new pontoons and fingers will be secured with a tubular piled mooring system and pile guide arrangement, similar to Campbeltown Transit Berthing Facility and Oban Transit Berth (Partial).

Less frequent inspection of the piles will be required and ongoing maintenance is reduced. Costs for this are low.

Future maintenance dredging can be undertaken with greater ease and less cost with the piled system.

3.3 This report seeks therefore to secure additional funding through prudential borrowing with an estimated cost of £10k per annum over the next 30 years. This additional funding would allow the pontoons to be constructed to a higher specification consisting of piles to which the pontoons will be mounted/secured. The piles will allow the pontoons to move vertically with the tides whilst being fixed horizontally. This would make the berthing arrangement more secure, easier to maintain, and assist in bringing in additional visitors with a corresponding positive economic benefit for the businesses and community of Rothesay, and ultimately Bute. The potential additional economic benefit for the island through additional visitor spend is also detailed in the outline business case.

3.4. It should be noted that given this substantial capital investment there will be a need to re-negotiate operating terms with the Bute Berthing Company to ensure that capital costs are appropriately recovered through the Rothesay Harbour account and to ensure that the asset is maintained to a satisfactory standard over its lifetime.

4.0 CONCLUSION

- 4.1 This report concerns the renewal of Rothesay Harbour outer berth pontoons. The report together with outline business case in the attached **Appendix 1** provides an update on the findings of the outline business case that considers three options for Member's consideration. The conclusion of the business case recommends that Option 3, the piled solution, be selected as the preferred option given the potential additional revenue generated by the pontoons, savings on future maintenance, including dredging of the harbour, together with a significant positive economic impact for the island of Bute. It is estimated that the additional £150k of funding can be done through prudential borrowing funded through the Rothesay Harbour account. It should be noted that there will be a need to re-negotiate operating terms with the Bute Berthing Company.

5.0 IMPLICATIONS

- 5.1 Policy – None known
- 5.2 Financial – As detailed in the business case at Appendix 1
- 5.3 Legal – None known
- 5.4 HR – None known
- 5.5 Fairer Scotland Duty – None known
- 5.5.1 Equalities - protected characteristics – None known
- 5.5.2 Socio-economic Duty – None known
- 5.5.3 Islands – This would have a positive impact on the island economy of Bute
- 5.6. Risk – There is a need to deliver this proposal within timelines set by the Scottish Government through the Town centre fund that has contributed 3150k to this proposal.
- 5.7 Customer Service – None known

**Executive Director with responsibility for Roads and Infrastructure Services
Pippa Milne**

Policy Lead Councillor Robin Currie

November 2019

For further information contact:

Jim Smith, Head of Roads and Infrastructure Services

APPENDICES

Appendix 1 – Business Case – Rothesay Pontoons



Development & Infrastructure Services



Rothesay Pier – Outer Harbour Pontoons

Outline Business Case

November 2019

Revision History

Project Name:	Rothesay Pier – Outer Harbour Pontoons
Author:	Allan Finlay
Owner:	Marine Services, Argyll and Bute Council
Document Number:	ROTH/PONT/01

Note: This document is only valid on the day it was printed.

Date of Revisions:

Revision Date	Previous Revision Date	Revision	Summary of Changes	Changes Marked
20/11/19	n/a	OBC/01	Issue of first draft document	n/a

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- 1.2 Background

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3.0 Option Appraisal

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- 3.3 Option 2
- 3.4 Option 3

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- 4.1 Revenue and Economic Impact
- 4.2 Maintenance savings

5.0 Affordability

- 5.1 Available Funding
- 5.2 Cost Estimates

6.0 Future Operation of the pontoons

7.0 Conclusions

Appendix A – Pontoon Layout

Appendix B - Programme

1.0 Introduction

1.1 Purpose of Document

1.1.1 This document has been prepared to an outline Business Case to help inform the need for additional investment including the options available to ABC in developing the Outer Harbour Pontoons, Rothesay. The options are to be considered to allow an informed decision to be made on the level of additional investment sought (Ranging from a Minimum of £98k, to a Maximum of £150k).

1.2 Background

1.2.1 The Outer Harbour Pontoons were installed circa 1992 and are operated by Bute Berthing, on behalf of Argyll and Bute Council. The current arrangement consists of a single row of pontoons with walkway fingers on both sides, accessed by a bridge from the Mid-Pier. The existing pontoons are essentially reaching the end of their design life and require replacement. The Council is working in partnership with Bute Berthing in developing this project.

2.0 Strategic Fit

2.1 Argyll and Bute Council operates and owns Rothesay Harbour with Bute Berthing Company operating the inner and outer berth pontoons. The Council has invested a considerable capital sum in upgrading and maintaining Rothesay Harbour for the primary purpose of operating a ferry port and facilitating the visits of additional vessels, including leisure craft and fishing vessels. The harbour has limited capacity to facilitate visits from cruise ship tenders and the condition of the existing outer pontoons system is currently considered to be in a poor condition in terms of its appearance and functionality. The Council has invested in step ashore facilities in Campbeltown and in Oban which has attracted additional visitors to both communities. It is considered that improving Rothesay Outer Berth Pontoons to a similar standard which enjoy the same level of success helping to boost the Rothesay and ultimately the Bute economy.

2.2 The Need for Investment

2.2.1 The existing outer berth pontoons are reaching the end of their useful life and have resulted in a negative customer experience that detracts from the wider offer of Rothesay and ultimately Bute. As part of an economic enabler it is proposed that the pontoons are replaced with a new piled system, as the preferred option, which will be more attractive and reliable for visiting vessels and more cost effective to maintain over the life of the asset. It is therefore forecast that a piled system will provide a safer structure, easier to maintain than a chain and anchor system, help attract more visitors to the harbour and ultimately generate additional income directly from berthing fees and indirectly additional income for local business as a consequence of additional visitors to the area.

2.3.1 Key Benefits

The key benefits in taking forward a piled solution rather than using a chain and anchor system is the creation of a more stable structure that will help deliver an increase in visitor numbers and users of the pontoons together with a reduction in ongoing maintenance costs.

2.4.1 Success Factors

The project's success will be measured on the number of visiting vessels and the income generated by the project both directly from

Rothesay Pier - Outline Business Case

berthing and indirectly from additional economic activity on Bute. This type of investment has already proved highly successful in both Campbeltown and in Oban where the council has already invested capital funds in either improving or creating dedicated step ashore assets.

3.0 Options Appraisal

3.1 General

3.1.1 As always in any option appraisal, the “do nothing” option should be mentioned. This is very rarely a realistic option simply because in undertaking the preparation of a Business Case, an organisation recognises that investment in a particular asset is necessary otherwise they risk that that asset’s value, not simply in financial terms but in general economic terms also, is considerably reduced. In the case of the Outer Harbour pontoons, the Council recognises that by undertaking this Business Case, works of some form or other are likely to be required and that doing nothing risks the existing structure deteriorating to such an extent that the pontoon facility becomes unusable and in time a liability that will have to be disposed of at cost to the council. Such an option is therefore not considered as being viable and will form no further part of this Business Case

3.1.2 The options outlined below have been produced by the in-house design team, developed from the original submission by Solent Marine Ltd (Ref Appendix A), which comprises the following pontoon system:-

- 1 no. Access Bridge
- 1 no. Landing pontoon (11m long x 3.85m wide)
- 3 no. Pontoons (11m long x 2.5m wide)
- 12 no. Fingers (7.5m long x 0.75m wide)

All Options require the disconnection and removal of the existing pontoon arrangement and dredging.

3.2 Option 1: Utilise Existing Chains and Anchors

3.2.1 The new pontoons and fingers will be secured using the existing ground anchors/mooring system. This option will be subject to a full survey of the existing arrangement, with associated risks and costs given the age and condition of the existing infrastructure.

3.2.2 Annual inspection of the chains and anchors/mooring system will be required, including repair/replacement of component parts. Costs for this are moderate to high.

3.2.3 Additional cost will be incurred during future maintenance dredging due to presence of chains/anchors.

3.3 Option 2: Replace Existing Chains and Anchors

- 3.3.1 The new pontoons and fingers will be secured with the installation of new ground anchors/mooring system attached to new chains.
- 3.3.2 Annual inspection of the chains and anchors/mooring system will be required, including repair/replacement of component parts. Costs for this are moderate.
- 3.3.3 Additional cost will be incurred during future maintenance dredging due to presence of chains/anchors.

3.4 Option 3: Piled System

- 3.4.1 The new pontoons and fingers will be secured with a tubular piled mooring system and pile guide arrangement, similar to Campbeltown Transit Berthing Facility and Oban Transit Berth (Partial).
- 3.4.2 Less frequent inspection of the piles will be required and ongoing maintenance is reduced. Costs for this are low.
- 3.4.3 Future maintenance dredging can be undertaken with greater ease and less cost with the piled system.

Rothesay Pier - Outline Business Case

4.0 Commercial

4.1 Revenue and Economic Impact

4.1.1 The projections below are based on the following assumptions:

Confirmed berthing price - Rothesay £2.20 per meter

Figures based on average boat size of 10m = £22.00 per night (revenue/income)

Figures (revenue) based on £22.00 x number of boat nights

Figures based on average 3 visitors per boat

Figures based on £47.00 spend per head (British Marine Federation 2018)

Figures based on 3 persons at £47,00 per head = £141 per boat per night

Figures based on estimated information supplied by Rothesay Harbour Master

Option	existing	Forecast additional boat nights	Forecast additional visitors (PAX)	Forecast additional cruise vessels	Est direct economic impact (revenue/income) (Boat nights x £22.00)	Est indirect economic impact (visitor spend in Rothesay) PAX x £47.00
Outer Harbour						
Do nothing	3000	3,000 but reducing due to condition	9,000	none	66K	423K
Chains and anchors	N/A	Total including additional boat nights 4,500	13,500	10	99K	634K
Piles	N/A	Total including additional boat nights 5,500	16,500	20	121K	775K
West arm						
Do nothing	Not in use	zero	Info not available			
Chains and Anchors	Not in use	500	Info not available			
Piles	Not in use	1,500	Info not available			

Maintenance Savings

Option 1: Utilise Existing Chains and Anchors

Annual dive inspection = £4k

5 Yearly dredging by vessel including licensing and consents at £4K per day for 5 days = £20K

3 Yearly Lifting cleansing of chains anchors etc. = £15K

Therefore £20k x 6 times + £15K x 10 times (every 5 years for 30 years) + £4K x 30 years = **£390K*** excluding inflation, increments, and replacement parts.

*Provisional figures only as the existing infrastructure will be subject to survey and potentially need replaced sooner.

Option 2: Replace Existing Chains and Anchors

Annual dive inspection = £4k

5 Yearly dredging by vessel including licensing and consents @ £4K per day for 5 days = £20K

3 Yearly Lifting cleansing of chains and anchors etc. = £15K

Therefore £20k x 6 times + £15K x 10 times (every 5 years for 30 years) + £4K x 30 years = **£390K** excluding inflation, increments, and replacement parts.

Option 3: Piled System

Annual dive inspection = £2K

5 yearly dredge by vessel including licensing and consents @ £4K per day every 5 years = £20K (the requirement is the same but method is different due to not working around chains and no preparatory works needed)

Therefore 6 x £20K + 30 x £2K = **£180K** excluding inflation, increments, and replacement parts.

Options 1 and 2 are considered to be the same estimate of costs because of the system, i.e. chains and anchors. Consequently the **saving is £210K over the lifetime of the products using option 3**. It should also be noted that when considering option 1 there could be additional capital costs or accelerated replacement costs depending on the state of existing equipment.

4.2 Commercial Opportunities

4.2.1 The improved facilities will be attractive to cruise ship passengers, with improved safety and stability for those disembarking at Rothesay Pier when dues of approximately £500 are paid direct to the Council by each visiting ship.

4.2.2 The West Arm pontoon will be utilised for short stay visitors, thus releasing berths in the Outer and Inner Harbours for overnight stays with enhanced revenues.

5.1 Available Funding

5.1.1 It is estimated that additional revenue from the piled option will be £55k per annum with £210k estimated in maintenance savings. Prudential borrowing may be made available to cover the additional costs of option 3 up to £150k. It is estimated that the cost of this will be £10k per annum over the next 30 years which is the lifetime of the new asset.

5.2 Cost Estimates

5.2.1 The works under consideration in all options are straightforward in nature in terms of Marine Civil Engineering and are considered to be low-medium risk rather than medium-high risk, with exception of the piling operation which is dependent on ground conditions. As the ground conditions around Rothesay Harbour are reasonably well understood, in addition to letting a Ground Investigation contract the risk of unknown ground conditions impacting on progress of the pile design/installation are similarly reduced. That said, the risk associated with unknown obstructions or poorer than expected condition of the existing infrastructure remains. As it is likely the works will be carried out with marine based plant, there is a risk of weather delay however given the works will be undertaken in spring and within a relatively sheltered location, the impact of bad weather is similarly reduced.

5.2.2 Option 1: Utilise Existing Chains and Anchors

Construction Costs
(Including Prelims and Contingency) = £230,010

Total Project Costs
(Including Design, Supervision & Optimism Bias)= £248,149

TCF Fund = £150,000

Total Shortfall **£98,149**

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5.2.2 Option 2: Replace Existing Chains and Anchors

Construction Costs
(Including Prelims and Contingency) = £261,580

Total Project Costs
(Including Design, Supervision & Optimism Bias)= £282,209

TCF Fund = £150,000

Total Shortfall **£132,209**

5.2.3 Option 3: Piled System

Construction Costs
(Including Prelims and Contingency) = £278,492

Total Project Costs
(Including Design, Supervision & Optimism Bias)= £300,455

TCF Fund = £150,000

Total Shortfall **£150,455**

6.0 Future Operation of The pontoons

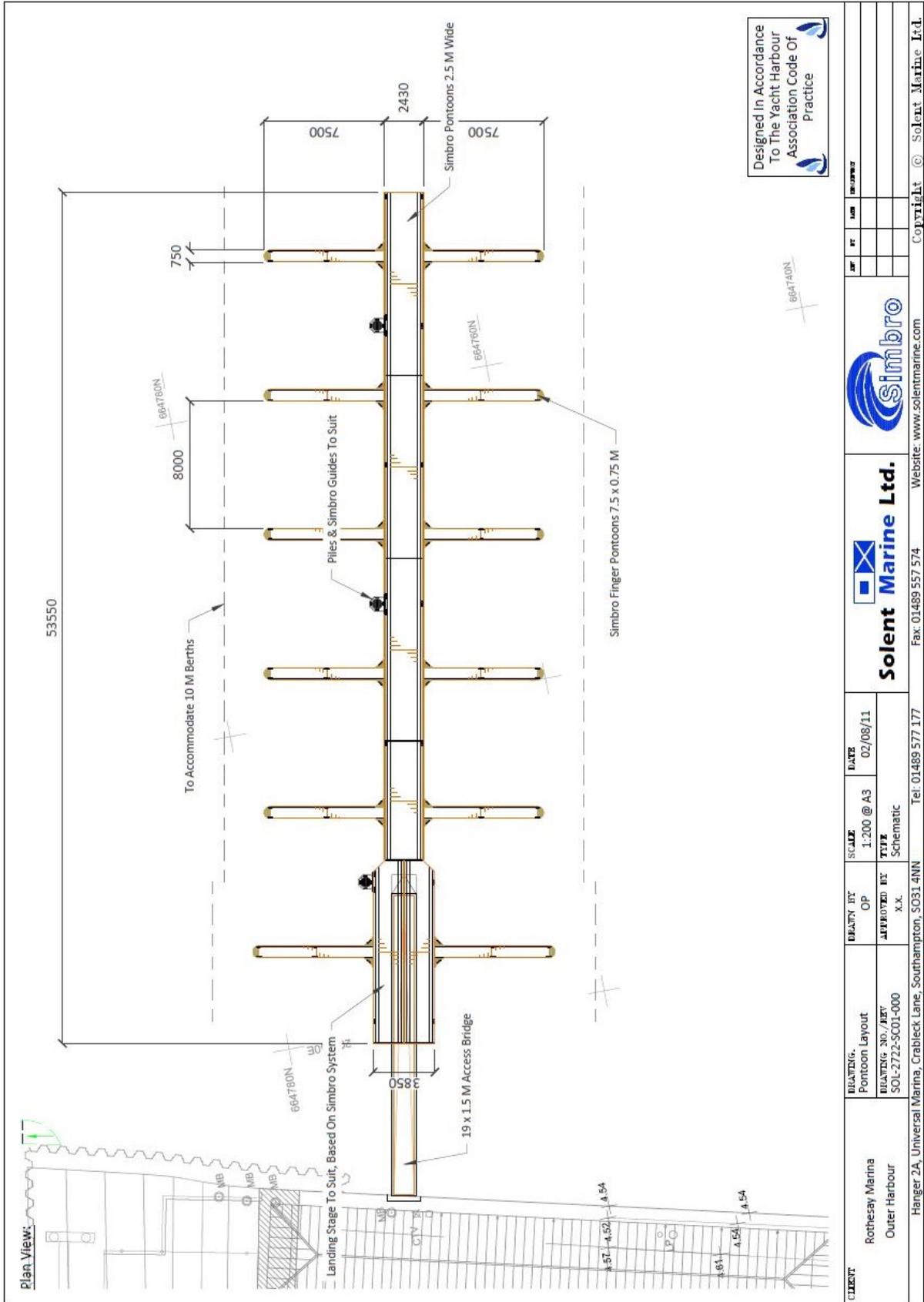
- 6.1** The Bute Berthing Company currently operate the pontoons. The award of substantial grant funding by the council to renew the outer berth asset will have to done on the basis of a re-negotiation of the operational contract between the Company and Argyll and Bute Council. This re-negotiation will need to reflect the full costs of the construction and maintenance of this important economic facility to ensure that its condition is maintained to a satisfactory condition, for all parties, over the lifetime of the asset. Having a well maintained asset is also critical to secure additional revenue from future users of the pontoons facility.

7.0 Conclusion

- 7.1** This business case puts forward three options for Members of the Harbour Board to consider. It concludes that subject to being able to assemble the required additional funding through either prudential borrowing, or Crown Estate grant funding (subject to a December Policy and Resources Committee decision), or a combination of the two, the piled option (3) should be progressed on the basis of forecast increased visitor numbers, forecasted additional income of circa £55k per annum and crucially the reduced future maintenance of the asset in the medium and longer terms amounting to £210k over the lifetime of the asset. The estimated cost of prudential borrowing is £10k per annum over the next 30 years. The lifetime of the asset. It should be noted that given the substantial capital investment recommended by the business plan that officers of the council will need to re-negotiate the contract with the Bute Berthing Company to ensure that the facility is maintained to a satisfactory condition for the life time of the asset.

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Appendix A – Pontoon Layout

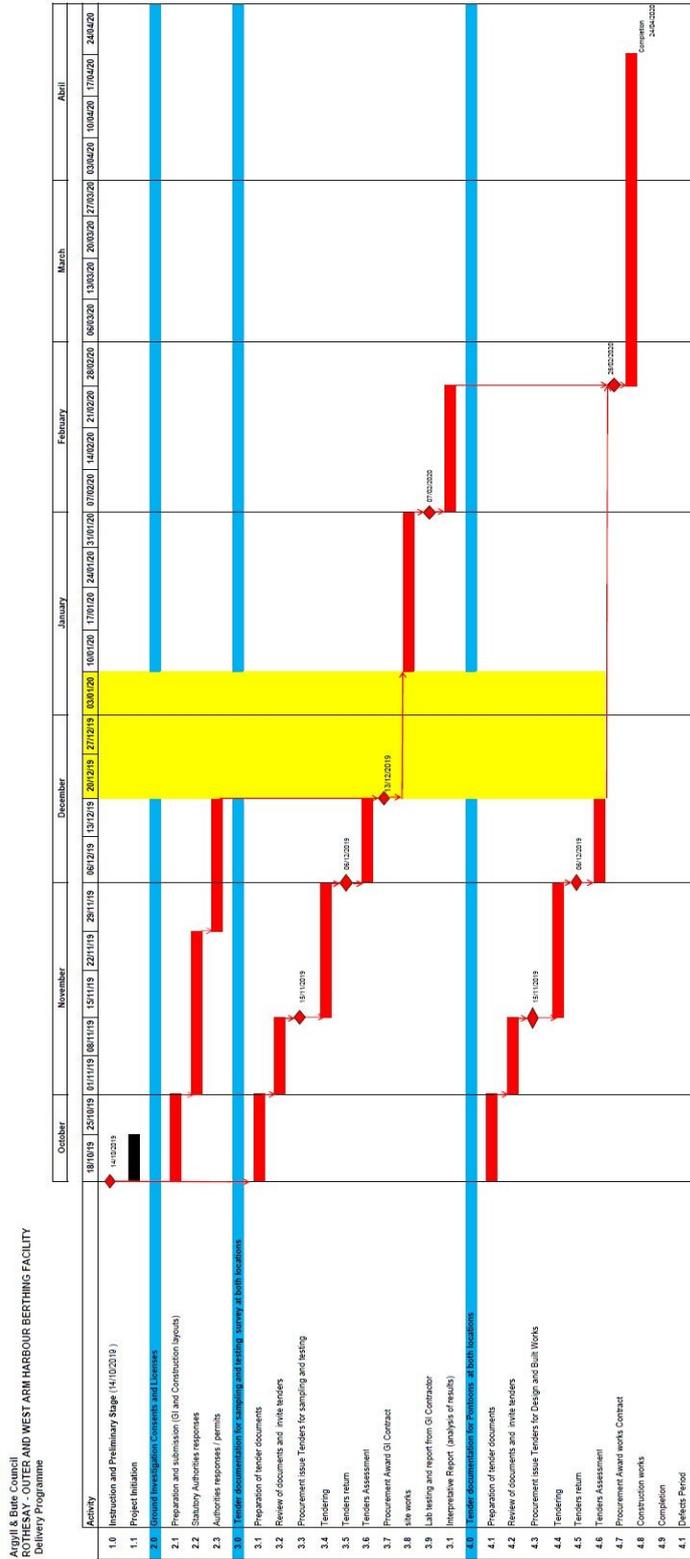


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		SCALE	1:200 @ A3
CLIENT Rothesay Marina Outer Harbour Hanger 2A, Universal Marina, Crabbleck Lane, Southampton, SO31 4NN	DRAWING NO./REV SOL-2722-SC01-000	DRAWN BY OP	DATE 02/08/11
		APPLIED BY X.X.	TYPE Schematic
		Tel: 01489 577 177 Fax: 01489 557 574	
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Appendix B – Programme



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