

## Business Case for Delivery of Winter Storage Service

1. Currently the District Council's Street Scene derives an income from winter storage of boats, plus an additional income from the operation of the boat park during the summer season. All other income for lifting and maintaining boats on Council land goes to the boatyards and operators. For the purposes of this business case, only winter storage has been considered. However there are requirements throughout the summer to lift boats for routine and emergency maintenance which would generate further income and there is a requirement for summer staff to manage and operate the boat park and slipway.
2. The income for the District Council in 2008/09 for winter storage was £64,000. Boatyards charge considerably more than the District Council for storage. Local boatyards charge just over £10/metre/month whereas the District Council charges were £6.39/month for short stay and £7.80/month for long stay in 2006/07. For the higher charge boatyards provide a more complete service and facilities. This business case is based on the District Council operating the storage service at the level set for 2008/09.
3. At Batson car park, boats are lifted by a variety of different contractors. To gauge the potential income from providing this service the vessels lifted in 2006/07 have been calculated at the current commercial rate of £11/metre which would generate £20,000 for lift out and £20,000 for lift in, making a total of £40,000 an additional £2,000 would be generated from cradle hire and up to £10,000 from hull scrubbing.

| <b>Estimated Potential Winter Storage Income</b> |                |
|--|----------------|
| Storage  | 65,000         |
| Cradle Hire                                      | 2,000          |
| Lift   | 20,000         |
| Launch   | 20,000         |
| Power Wash                                       | 10,000         |
| <b>Total</b>                                     | <b>117,000</b> |

4. To be able to offer this service there would be a requirement for some capital investment. The crane being replaced with a slipway hoist. A 12 tonne self powered slipway hoist would cost in the region of £100k. Annual insurance costs, training and maintenance are estimated at £5,000.
5. In addition to the necessary equipment, there would be an additional manpower requirement. Currently the boat park is manned by one permanent and one seasonal staff member from April to October. The additional manpower requirements would be two permanent staff, effectively uplifting the seasonal post to permanent (25 hrs/week Oct to Apr 37 Hrs Apr to Sept) costing a total of £26k/year, an additional £6k/year. Because there is an ongoing requirement for the summer boat park staff, only the additional cost has been factored into the business plan.

6. The following table summarises the expenditure:

| <b>Capital Investment</b>                               |                |
|---|----------------|
| Self powered slipway hoist                              | 100,000        |
| Boat Cradles x 15                                       | 15,000         |
| Wash down facility                                      | 40,000         |
| Contingency   | 5,000          |
| <b>Total</b>  | <b>160,000</b> |
| <b>Annual Operating costs (ongoing)</b>                 |                |
| Annual Insurance, maintenance, training and contingency | 5,000          |
| Staff Costs, additional to summer operations            | 6,000          |
| <b>Total</b>  | <b>11,000</b>  |

### Income and Expenditure

7. The following assumptions have been made in producing the income and expenditure table:

- Income will rise at 2% /year.
- The capital assets have been depreciated to be zero after 20 years
- Current Council income of £64,000, increasing at 2%/year, based on 2008/09 income, has been identified as a datum level of income
- Operating costs are the additional costs to those already budgeted for the operation of the boat park now.

| Year | Income £<br>Increasing<br>2%/year | Cost of<br>Capital<br>Depreciation | Operating<br>Cost<br>Increasing<br>at<br>3% | Total<br>Annual<br>Cost | Annual<br>Surplus £ |
|------|-----------------------------------|------------------------------------|---|-------------------------|---------------------|
| 1    | 117,000.00                        | 8,000.00                           | 11,000.00                                   | 19,000.00               | 98,000.00           |
| 2    | 119,340.00                        | 8,000.00                           | 11,330.00                                   | 19,330.00               | 100,010.00          |
| 3    | 121,726.80                        | 8,000.00                           | 11,669.90                                   | 19,669.90               | 102,056.90          |
| 4    | 124,161.34                        | 8,000.00                           | 12,020.00                                   | 20,020.00               | 104,141.34          |
| 5    | 126,644.56                        | 8,000.00                           | 12,380.60                                   | 20,380.60               | 106,263.97          |
| 6    | 129,177.45                        | 8,000.00                           | 13,425.00                                   | 21,425.00               | 107,752.45          |
| 7    | 131,761.00                        | 8,000.00                           | 13,827.75                                   | 21,827.75               | 109,933.25          |
| 8    | 134,396.22                        | 8,000.00                           | 14,242.58                                   | 22,242.58               | 112,153.64          |
| 9    | 137,084.15                        | 8,000.00                           | 14,669.86                                   | 22,669.86               | 114,414.29          |
| 10   | 139,825.83                        | 8,000.00                           | 15,109.96                                   | 23,109.96               | 116,715.87          |
| 11   | 142,622.35                        | 8,000.00                           | 15,563.25                                   | 23,563.25               | 119,059.09          |
| 12   | 145,474.79                        | 8,000.00                           | 16,030.15                                   | 24,030.15               | 121,444.64          |
| 13   | 148,384.29                        | 8,000.00                           | 16,511.06                                   | 24,511.06               | 123,873.23          |
| 14   | 151,351.98                        | 8,000.00                           | 17,006.39                                   | 25,006.39               | 126,345.59          |
| 15   | 154,379.02                        | 8,000.00                           | 17,516.58                                   | 25,516.58               | 128,862.44          |
| 16   | 157,466.60                        | 8,000.00                           | 18,042.08                                   | 26,042.08               | 131,424.52          |
| 17   | 160,615.93                        | 8,000.00                           | 18,583.34                                   | 26,583.34               | 134,032.59          |
| 18   | 163,828.25                        | 8,000.00                           | 19,140.84                                   | 27,140.84               | 136,687.41          |
| 19   | 167,104.81                        | 8,000.00                           | 19,715.07                                   | 27,715.07               | 139,389.75          |
| 20   | 170,446.91                        | 8,000.00                           | 20,306.52                                   | 28,306.52               | 142,140.39          |
|      |                                   |                                    |   |                         | 2,374,701.35        |