

Oban Bay Marine – Monday 27<sup>th</sup> 2010

Financial Appraisal.

Estimated costs from Engineers Wallace Stone                      £ 1,700,000

This includes

- Project management
- Issuing tender documents
- Receiving and evaluating tender documents
- Issuing of contracts
- Attenuators
- Pontoons
- Anchoring of attenuators and pontoons
- Walk-ways
- Services, water, power and fuel
- Traffic lights
- Lighting
- Shore works
- Dredging

All the costs except the last one is quantifiable and does not require high % of contingencies.

The estimated cost for the dredging is £120k. We have carried out test digs in the area and have found to date no hidden rock; however, were we to find rock then the cost would be increased. This will increase depending on the amount of rock found. The costs, even if finding rock, would rise to a maximum of £240k.

If we allow a 5% contingency for the main items and 100% on the dredging we arrive at a total estimated cost of £1,900,005.

Finance from                      800k of borrowing from The Crown Estates  
    900k from Argyll and Bute Council  
    200k has been considered by HIE who would only assess  
    the project with the Council committing to the project.

Year on Year costs                      £150,000

Year on Year Income                      £162,000

## Oban Bay Marine

## Income

### Pontoon Income

£152,365

The pontoon berths income has been calculated at £2.50 per meter with the maximum boat size being 14 meters producing an average size of 11 meters for income calculations. The calculations are based on those of Tobermory who has 6500 berth nights per year and although they only have a six month season we have taken their turnover spread over seven months at OBM. The vat has been extracted and all calculations are net of vat.

|   |               |
|---|---------------|
| April occupancy 430/1550 berth nights     | 27% occupancy |
| May occupancy 715/1550 berth nights       | 46% occupancy |
| June occupancy 1100/1500 berth nights     | 73% occupancy |
| July occupancy 1475/1550 berth nights     | 95% occupancy |
| August occupancy 1475/1550 berth nights   | 95% occupancy |
| September occupancy 920/1500 berth nights | 59% occupancy |
| October occupancy 385/1550 berth nights   | 24% occupancy |

This gives an average occupancy of 62% on the first years trading. These figures does not take into account special events and regattas that would be organised as part of the management it only allows for the same number of boats as Tobermory.

### Day only craft

£5,000

The attenuator has a "touch and go" berthing arrangement and there are as we know many boats that will not require overnight berthing but will visit the facility during opening hours. This income is based on a net of vat income of £5,000. This equates to 2-3 craft per day each paying £10.

### Cruise Ships

£ 6,000

At the moment the council collects these dues from the cruise ships as they land their passengers on the Oban Times slipway. This embarking and disembarking location is most un-satisfactory and the Pontoons would be the ideal area both from a safety and convenience. There is no doubt that this is an expanding market, however I have only allowed what is raised at the moment.

Boats  
Dive vessels, small  
fishing boats and  
pleasure craft                    £ 4,000

Oban has many commercial boats be it diving vessels, small passenger vessels going trips to St Kilda and the Western Isles and the extensive charter fleet that sails from Oban. We will also have on the inside of the attenuator small fishibg boats extensively using the facility

Sea Plane                            £ 5,000

This is based on the rate they pay at present using the pontoons at Oban Marina when they land in the bay and taxi to the pontoons

Total External Income    £ 20,000

#### Potential income streams at the moment disallowed by AECOM

|   |         |
|---|---------|
| Advertising/advertising                       | £ 5,000 |
| Boats of limited draft – ribs, day craft etc. | £ 5,000 |
| Fuel  | £20,000 |



15 Year Lease

| Revenue Forecast  | Year 1             |              | Year 2          |              | Year 3          |              | Year 4          |              | Year 5          |              | Year 6          |              | Year 7          |              | Year 8           |              | Year 9           |              | Year 10          |              | Year 11          |              | Year 12          |              | Year 13          |              | Year 14          |              | Year 15          |              |                 |              |        |
|---|--------------------|--------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|------------------|--------------|------------------|--------------|------------------|--------------|------------------|--------------|------------------|--------------|------------------|--------------|------------------|--------------|------------------|--------------|-----------------|--------------|--------|
|   | 50                 | 50.0%        | 50              | 50.0%        | 50              | 50.0%        | 50              | 50.0%        | 50              | 50.0%        | 50              | 50.0%        | 50              | 50.0%        | 50               | 50.0%        | 50               | 50.0%        | 50               | 50.0%        | 50               | 50.0%        | 50               | 50.0%        | 50               | 50.0%        | 50               | 50.0%        | 50               | 50.0%        |                 |              |        |
| No Berths   | 40,000             | 50.0%        | 40,000          | 50.0%        | 40,000          | 50.0%        | 40,000          | 50.0%        | 40,000          | 50.0%        | 40,000          | 50.0%        | 40,000          | 50.0%        | 40,000           | 50.0%        | 40,000           | 50.0%        | 40,000           | 50.0%        | 40,000           | 50.0%        | 40,000           | 50.0%        | 40,000           | 50.0%        | 40,000           | 50.0%        | 40,000           | 50.0%        | 40,000          | 50.0%        |        |
| Visitor occupancy   | 6,500              | 50.0%        | 6,500           | 50.0%        | 6,500           | 50.0%        | 6,500           | 50.0%        | 6,500           | 50.0%        | 6,500           | 50.0%        | 6,500           | 50.0%        | 6,500            | 50.0%        | 6,500            | 50.0%        | 6,500            | 50.0%        | 6,500            | 50.0%        | 6,500            | 50.0%        | 6,500            | 50.0%        | 6,500            | 50.0%        | 6,500            | 50.0%        | 6,500           | 50.0%        |        |
| Equivalent berth nights p.a.                                    | £4,915             | 50.0%        | £4,915          | 50.0%        | £4,915          | 50.0%        | £4,915          | 50.0%        | £4,915          | 50.0%        | £4,915          | 50.0%        | £4,915          | 50.0%        | £4,915           | 50.0%        | £4,915           | 50.0%        | £4,915           | 50.0%        | £4,915           | 50.0%        | £4,915           | 50.0%        | £4,915           | 50.0%        | £4,915           | 50.0%        | £4,915           | 50.0%        | £4,915          | 50.0%        |        |
| Visitor berth rate (7 mth season)                               | 2.5%               | 50.0%        | 2.5%            | 50.0%        | 2.5%            | 50.0%        | 2.5%            | 50.0%        | 2.5%            | 50.0%        | 2.5%            | 50.0%        | 2.5%            | 50.0%        | 2.5%             | 50.0%        | 2.5%             | 50.0%        | 2.5%             | 50.0%        | 2.5%             | 50.0%        | 2.5%             | 50.0%        | 2.5%             | 50.0%        | 2.5%             | 50.0%        | 2.5%             | 50.0%        | 2.5%            |              |        |
| RPI   | 40,000             | 50.0%        | 40,000          | 50.0%        | 40,000          | 50.0%        | 40,000          | 50.0%        | 40,000          | 50.0%        | 40,000          | 50.0%        | 40,000          | 50.0%        | 40,000           | 50.0%        | 40,000           | 50.0%        | 40,000           | 50.0%        | 40,000           | 50.0%        | 40,000           | 50.0%        | 40,000           | 50.0%        | 40,000           | 50.0%        | 40,000           | 50.0%        | 40,000          | 50.0%        |        |
| Income as per appendix  | £162,875           | 50.0%        | £165,947        | 50.0%        | £165,947        | 50.0%        | £165,947        | 50.0%        | £165,947        | 50.0%        | £165,947        | 50.0%        | £165,947        | 50.0%        | £165,947         | 50.0%        | £165,947         | 50.0%        | £165,947         | 50.0%        | £165,947         | 50.0%        | £165,947         | 50.0%        | £165,947         | 50.0%        | £165,947         | 50.0%        | £165,947         | 50.0%        | £165,947        | 50.0%        |        |
| <b>Total Revenue</b>  | <b>£162,875</b>    | <b>50.0%</b> | <b>£165,947</b> | <b>50.0%</b> | <b>£165,947</b> | <b>50.0%</b> | <b>£165,947</b> | <b>50.0%</b> | <b>£165,947</b> | <b>50.0%</b> | <b>£165,947</b> | <b>50.0%</b> | <b>£165,947</b> | <b>50.0%</b> | <b>£165,947</b>  | <b>50.0%</b> | <b>£165,947</b>  | <b>50.0%</b> | <b>£165,947</b>  | <b>50.0%</b> | <b>£165,947</b>  | <b>50.0%</b> | <b>£165,947</b>  | <b>50.0%</b> | <b>£165,947</b>  | <b>50.0%</b> | <b>£165,947</b>  | <b>50.0%</b> | <b>£165,947</b>  | <b>50.0%</b> | <b>£165,947</b> | <b>50.0%</b> |        |
| TCE Cashflow  | -                  |              | 800,000         |              |                 |              |                 |              |                 |              |                 |              |                 |              |                  |              |                  |              |                  |              |                  |              |                  |              |                  |              |                  |              |                  |              |                 |              |        |
| Capital Investment  |                    |              |                 |              |                 |              |                 |              |                 |              |                 |              |                 |              |                  |              |                  |              |                  |              |                  |              |                  |              |                  |              |                  |              |                  |              |                 |              |        |
| Residual Value  |                    |              |                 |              |                 |              |                 |              |                 |              |                 |              |                 |              |                  |              |                  |              |                  |              |                  |              |                  |              |                  |              |                  |              |                  |              |                 |              |        |
| RPI   |                    |              |                 |              |                 |              |                 |              |                 |              |                 |              |                 |              |                  |              |                  |              |                  |              |                  |              |                  |              |                  |              |                  |              |                  |              |                 |              |        |
| Capital   | 800,000            |              | 53,333          |              | 53,333          |              | 53,333          |              | 53,333          |              | 53,333          |              | 53,333          |              | 53,333           |              | 53,333           |              | 53,333           |              | 53,333           |              | 53,333           |              | 53,333           |              | 53,333           |              | 53,333           |              | 53,333          |              | 53,333 |
| Interest  | 53,333             |              | 8,667           |              | 8,667           |              | 8,667           |              | 8,667           |              | 8,667           |              | 8,667           |              | 8,667            |              | 8,667            |              | 8,667            |              | 8,667            |              | 8,667            |              | 8,667            |              | 8,667            |              | 8,667            |              | 8,667           |              | 8,667  |
| Rental Income   | 62,000             |              | 62,000          |              | 62,000          |              | 62,000          |              | 62,000          |              | 62,000          |              | 62,000          |              | 62,000           |              | 62,000           |              | 62,000           |              | 62,000           |              | 62,000           |              | 62,000           |              | 62,000           |              | 62,000           |              | 62,000          |              | 62,000 |
| Seabed Rent   | 500                |              | 500             |              | 500             |              | 500             |              | 500             |              | 500             |              | 500             |              | 500              |              | 500              |              | 500              |              | 500              |              | 500              |              | 500              |              | 500              |              | 500              |              | 500             |              | 500    |
| <b>Total TCE Cashflow</b>                                       | <b>£ (737,500)</b> | <b>£</b>     | <b>£ 62,500</b> | <b>£</b>     | <b>£ 62,500</b> | <b>£</b>     | <b>£ 62,500</b> | <b>£</b>     | <b>£ 62,500</b> | <b>£</b>     | <b>£ 62,500</b> | <b>£</b>     | <b>£ 62,580</b> | <b>£</b>     | <b>£ 62,580</b>  | <b>£</b>     | <b>£ 62,580</b>  | <b>£</b>     | <b>£ 62,580</b>  | <b>£</b>     | <b>£ 62,580</b>  | <b>£</b>     | <b>£ 62,580</b>  | <b>£</b>     | <b>£ 62,672</b>  | <b>£</b>     | <b>£ 62,672</b>  | <b>£</b>     | <b>£ 62,672</b>  | <b>£</b>     | <b>£ 62,672</b> | <b>£</b>     |        |
| <b>TCE IRR</b>  | <b>7.0%</b>        |              |                 |              |                 |              |                 |              |                 |              |                 |              |                 |              |                  |              |                  |              |                  |              |                  |              |                  |              |                  |              |                  |              |                  |              |                 |              |        |
| Operating Costs   | 88,000             |              | 90,200          |              | 92,455          |              | 94,766          |              | 97,135          |              | 99,563          |              | 102,053         |              | 104,604          |              | 107,219          |              | 109,899          |              | 112,647          |              | 115,463          |              | 118,350          |              | 121,308          |              | 124,341          |              |                 |              |        |
| <b>Annual Surplus to OBM After Deduction of Operating Costs</b> | <b>£ 12,375</b>    | <b>£</b>     | <b>£ 13,247</b> | <b>£</b>     | <b>£ 10,992</b> | <b>£</b>     | <b>£ 8,681</b>  | <b>£</b>     | <b>£ 6,312</b>  | <b>£</b>     | <b>£ 3,804</b>  | <b>£</b>     | <b>£ 1,314</b>  | <b>£</b>     | <b>£ (1,237)</b> | <b>£</b>     | <b>£ (3,862)</b> | <b>£</b>     | <b>£ (6,532)</b> | <b>£</b>     | <b>£ (6,224)</b> | <b>£</b>     | <b>£ (5,812)</b> | <b>£</b>     | <b>£ (5,391)</b> | <b>£</b>     | <b>£ (4,958)</b> | <b>£</b>     | <b>£ (4,516)</b> | <b>£</b>     |                 |              |        |