

11. LYTTTELTON MARINA - STUDY ON PROVISION OF PUBLIC FACILITIES

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Corporate Plan Output: Financial Advice	

The purpose of this report is to advise the Council of the outcome of a study into the provision of public boating facilities in conjunction with the rebuilding of the Lyttelton Marina and to decide on a way to progress this issue further.

BACKGROUND

The Lyttelton Marina was ravaged by the October 2000 storm due to the floating breakwater being incomplete. The existing floating pontoons in the marina were largely destroyed and many vessels were destroyed or severely damaged.

Lyttelton Marina Limited (LML) had been sold by the developer to Thornton Estates immediately prior to the storm and Thornton Estates now dispute the contract for sale.

Banks Peninsula District Council (which had lent approximately \$3 million to the LML) placed LML in receivership following the storm in order to protect the funds which had been loaned to the company.

Both Banks Peninsula District Council and many elements of the boating fraternity have put pressure on this Council to contribute to the cost of the marina in order that the project is completed and available for use. The Council has indicated that it may consider funding of a public boating facility in the area but not a direct investment in the commercial marina.

In July 2000 following an approach from Banks Peninsula District Council the Council declined to invest directly in the Marina Project but instead resolved:

"That the Council propose the separation of the commercial marina project incorporating private berths of displacement vessels, from public facilities such as a public boat ramp, associated jetties and breakwaters, car and trailer park, boat washdown, toilets etc, and indicate the Council's willingness to invest in those latter facilities in partnership with other contributors."

In October 2000, following the storm, the Council requested that the staff undertake a study to ascertain whether the public facilities could be developed in a co-operative way alongside the commercial marina so that some of the protective works can be shared and create a win-win situation for the benefit of all parties.

THE STUDY

Ove Arup, an international firm of specialists in the design of marinas, was commissioned to undertake this study. They had previously been engaged to peer review the design and so were familiar with the existing location characteristics and design prior to the October storm. Part of the project involved an economic study of the demand for public boating facilities in the area and the public good benefit from, not only the establishment of public facilities, but also from the completion of the full marina facility. The terms of reference requested the study to analyse whether there were suitable planning options that allow for a win-win outcome for both the marina developer and the public good.

A copy of the full report from Ove Arup has been circulated to all members of the Committee and will be tabled at the meeting.

KEY FINDINGS OF OVE ARUP REPORT

The key findings of the Ove Arup report are as follows:

Demand

- There is a demand for both marina facilities and public boating facilities at Lyttelton as these are the only significant recreational and public marine facilities in the region.
- The Boating Industry Association estimates that residents of the Canterbury region have up to 40,000 water craft ranging from board sailers to larger vessels. The market is dominated by small, easily transportable craft with an estimated 20,000 to 30,000 trailer boats in Canterbury.

- Current usage of the existing run down and inadequate public boat ramp adjacent to the Lyttelton marina is 21,000 visits per year.
- Development of a new public boat ramp is necessary due to average waiting time at peak conditions of up to 45 minutes to launch and retrieve vessels.
- A safer and higher capacity boat ramp will result in an initial increase in patronage of 25%.

Economic Benefits

- Creation of 15-20 jobs during construction
- Creation of 10 to 15 direct permanent jobs
- A substantial number of additional other jobs in boat construction, maintenance and other services.
- \$350,000 in additional annual maintenance expenditure on large boats alone, of which \$250,000 is expected to be spent directly in the regional boating industry.
- Recapture of marine related spending currently occurring outside the region.
- Probable freeing up of space at the Port with commensurate additional commercial potential.
- Up to \$3 million in additional annual economic activity in the region flowing from enhanced reinvestment in the marine industry.

Public Benefits

- Increased safety for recreational boating, especially users of trailer boats, from Christchurch and other parts of the region.
- Opportunities for more access to recreational boating for a broad base of the population.
- Additional convenience for owners of large boats and trailer sailers.
- Enhanced visitor appeal.
- Improvement of the port's aesthetic qualities.
- Increased opportunity for marine related training and educational programmes.

Proposed Development

- The successful redevelopment of both the private marina and public boating facility requires a fixed breakwater. A rock breakwater and two forms of skirt breakwaters were considered.
- There is a workable solution for combining the needed public boat ramp facilities with the commercial marina which will reduce the overall cost of the two projects by approximately \$3.2 million when developed together.
- The most suitable outer breakwater is a skirt breakwater with fixed concrete panels attached to a pair of raker piles with a concrete deck. The cost of constructing this breakwater is estimated by the consultants to be \$7 million.
- 40% of the outer breakwater can be attributed to protection of the proposed new public boat ramp facility.
- The other elements of the public boating facility (in addition to the outer breakwater) amount to approximately \$3.4 million for full development.
- If the public boating facility is built in conjunction with the commercial marina and there is reuse of some components then the public boating facility cost is approximately \$4.5 million.

OTHER OPTIONS AND COSTS

While the previous section of this report outlines the findings of Ove Arup, there are other options which can be considered by the Council.

As a double check on the costing incorporated into the Ove Arup study I accepted a no obligation offer from Bellingham Marine (one the largest marina builders in the world) to provide a recommendation on the most suitable type of breakwater for the facility and a budget quotation to build it. They have recommended a very similar structure to Ove Arup but at an estimated cost of \$5.5 million (\$1.5 million below the Ove Arup estimate).

The costs provided by Ove Arup for the public boating facility (apart from the contribution to the outer breakwater) of \$3.4 million include completion of the eastern rock breakwater, six lane boat ramp, dividing and holding pontoons, wash-down area, ablution block, children play area, dinghy beach and rigging area, car/trailer park, secure trailer parking, roads and earthworks. It is quite probable that this could be scaled back with some reduction in quality and cost.

The Council could consider developing the public boating facility separately from the marina basin altogether by following the original concept with separate seawalls to the east of the existing rock breakwater. However it would be likely to cost approximately \$3.2 million.

A further option would be to develop a public boating facility in the location as planned by Ove Arup on the west of the rock breakwater but with no further protection in the form of an outer breakwater. This would afford little protection for returning vessels when a sudden squall or storm arose. The cost of a simple facility of this nature with the same land development would be approximately \$1.5 million. Whether the Council would be granted access to the site on this basis with no contribution to the outer breakwater and using space currently in control of Banks Peninsula District Council/receiver/Thornton Estates is uncertain. At this stage it has not been evaluated with these parties and potential users.

All the costs relating to the breakwater are subject to the need for a geotechnical study of the sea bed being carried out and it is likely that a new resource consent would be required.

It is important to recognise, therefore, that the costs quoted in the report are far from final although there is an expectation that they could be reduced.

ISSUES STILL REQUIRING ASSESSMENT

Before any final commitment to this project can be fully assessed there is a need to resolve a number of complex issues which will take some time. The study just completed was limited to the likely technical solutions and an assessment of the demand and economic benefits of the project to the region. However, although the various interests are looking in anticipation for Council involvement, the Council currently has no financial or legal obligations or rights to the project. However, it is fair to say that if the Council agreed to contribute to the project it would be a catalyst for overcoming the current stalemate on the issue. Clearly complex multi-party discussions are required with the various parties who are currently involved before any meaningful progress can take place.

Thornton Estates who contracted to buy the Lyttelton marina assets and liabilities a few days before the storm consider that their contract has been frustrated by the storm. However, the receiver believes that the contract is binding and there are legal proceedings pending between these parties. However, Thornton Estates have informally and tentatively indicated that they are interested in co-operating with the Council in the building of a combined commercial facility and public boating facility. The public facility would be able to be clearly defined as a separate part of the project. Their willingness to do this will largely depend on whether the contribution of the Council to the outer breakwater (for the purposes of the public boat facility) is sufficient to make the rebuilding of the commercial marina viable. Clearly a financial feasibility study is needed and a commercial negotiation of a fair costing split.

The fact that the receivership is in place over the remaining assets of the marina means that any negotiations must also involve both the receiver and Banks Peninsula District Council. The District Council also has an interest in the land on which the public boating facility would be sited and therefore there may well be merit in negotiating a joint venture arrangement with them whereby they contribute at least the land towards the public facility.

The public boating facility will generate a certain amount of revenue through the provision of secure trailer parking facilities and access charges to the area. This revenue could be of the order of \$170,000 to \$290,000 per annum but needs to be more carefully assessed before a commitment is made. Even at the lower figure it will service a reasonable amount of capital contribution.

Lyttelton Port Company (LPC) have been frustrated by the recent Environment Court decision which means that although they can retain control of the inner harbour moorings they are not free to use the area for commercial development as they originally sought. The Court decision means that there are rights for others to gain access to that area for recreational purposes should the piles be removed. LPC are therefore reassessing other options for obtaining access to the needed commercial space to further develop the port in the long term. They are reluctant to make any commitment to the marina project as it seems unlikely to be a process which would enable them to gain access to the inner harbour moorings area. However, there may well be merit in discussing this in detail with LPC to see if there is any way in which all parties can benefit from a solution.

It is clear that more time is needed to work methodically through these issues before a final commitment can be made by any of the parties, including the Council, to this project. However, for these discussions to be meaningful there will be a need for the Council to have at least acknowledged that it is prepared to make a meaningful contribution to the project.

BUDGET PROVISION

The Council currently has no budget provision made for this project and in fact passed a resolution at its meeting on 26 March adopting the draft Annual Plan *“that in the coming three years all capital and operating budgets be contained within the projections in the Financial Plan”*.

During the process of preparing the draft Annual Plan I advised that Annual Plan Working Party that no provision has been made for any contribution to the Lyttelton Marina project, but because the Ove Arup report was not then available there was little that could be done for the draft Annual Plan. It is preferable that a least a provisional sum be allowed for in the final Annual Plan which is due for adoption by the Council on 12 July if the Council intends to contribute to a solution. In order for this to be done in a meaningful way it would be helpful if some progress had been made with the various parties to reach a tentative agreement on a way forward for consideration by the Council.

It is likely that boating interests will make submissions to the Annual Plan process seeking Council commitment to this project.

CONCLUSION

There is a need for major improvement to the public boating facilities at Magazine Bay and there is potential for significant use of such facilities by a large number of the Christchurch public.

If both the commercial marina and the public boating facilities are built at the same time they can cost effectively be provided within the marina basin (in a separately defined part) so that the outer breakwater protection can be shared. However, considerable negotiation is needed with the many parties involved before any commitment can be entered into by the Council. It may take two to three months before this can be completed.

There would be merit in establishing a subcommittee to assist the staff in evaluating the options and guide negotiations with the various parties.

- Recommendation:**
1. That the Council confirm that it wishes to contribute to the provision of a public boating facility either in association with the completion of the Lyttelton Marina Project at Magazine Bay, or separately, and will consider making some provision for the project in its final Annual Plan.
 2. That a subcommittee be established to work with Council staff on this issue.
 3. That the subcommittee negotiate a suitable arrangement with the various parties, subject to Council approval, and report back to the Council in due course.
 4. That the subcommittee work with the Annual Plan Working Party to make a recommendation to the Council on a provision in the Annual Plan for the project.

Chairman's

- Recommendation:**
1. That the above recommendation be adopted as a means of giving effect to the Council's resolution of July 2000.
 2. That a special seminar meeting of the Council be called to report back to the Council, as proposed in recommendation 3.