

18 November 2020

INVERCARGILL CITY COUNCIL BOAT RAMP (BLUFF) USER CHARGES

DISCUSSION PAPER - DRAFT

Purpose

This paper has been prepared to focus the discussion on developing a charging regime for users of the Bluff Boat Ramp. This paper will be utilised with the stakeholder group to endorse before wider community discussion occurs

The paper looks to identifying the objectives (the why and what for) and what costs are likely to be acceptable to both the users and the wider community.

Background

The Boat Ramp upgrade has been a project the Invercargill City Council has been working with a selected Stakeholder Group for the last 3 years.

The Ramp was originally constructed by the Bluff Trailer Yacht Squadron (BTYS) in 1989 to provide access to the harbour for their fixed keel yachts which could not easily navigate around the island harbour or beneath the access bridge. The use of the ramp has progressively in the years and there has been significant increase in the number of recreational leisure crafts. The size of these boats has continued to generally increase in length and size (weight).

The ramp continues to have some use by local engineering companies to remove commercial boats via a transport trailer. These boats are typically a maximum weight of 20 to 25 tonnes.

The BTYS holds the approvals including the resource consent from ES to operate the ramp. The club has continued to limited membership and have had limited financial support (either through membership fees or donations) to maintain the ram. They have however kept the ramp serviceable with their funds and community support (in kind or materials) for the last 30 + years.

ES has develop a clean hulls policy (and passport) for Fiordland and Stewart Island and this will require boats to be inspected and some be cleaned before they travel to those areas. Those being cleaned will need to be lifted from the e=water and the materials removed by water blasting collected and disposed of in a controlled manner. ES has been considering developing a facility as part (and additional; to) the project.

Increasing awareness of the importance of cultural issues for the Te Marama leads to protecting both the harbour water quality and the opportunity for swimming to occur.

South Port has a commercial synclift for larger vessels and there is increasing demand on its use for repairs which limits some boat access for cleaning for the Clean Hull Passport.

An agreement in 2019 between ICC and South Port has initiated an upgrade project with a budget of \$1.8M. The funding of the project comes from ICC which includes loan funding of \$800,000 and a \$250,000 loan which is to be funded from user charges. Council undertook a user of boats using the ramp in 2019 and found that approximately 2400 -2500 uses occurred in a year. This was based on a three month survey of data from video images. This approach also looked at the range of sizes of boats (by trailer axles).

The long term vision is that the ramp becomes sustainable through user charges and limited ICC support.

The funding package sets out that the second ICC loan would be recovered over a 10 year period.

Objectives

The objectives identified for the successful operation of the ramp includes meeting the loan costs from user charges includes:

1. Recovery is simple and easy to understand with users willingly pay
2. Users pay a reasonable charge to use a well maintained facility.
3. The costs to recover and manage charges is low and less than 15% of the fee.
4. The fees structure recognises the difference between recreational and commercial uses and the fees reflect this difference
5. The fees are user focused, fair and appropriate
6. User have an opportunity for input in setting fees
7. The ramp use recognises the potential to support and value the recreational community clubs where appropriate as a discretionary activity

Stakeholder Meetings

Several stakeholder meetings have considered a range of options and needs and the most recent meeting (November 2020) also looked at establishing what an acceptable fee might be. The meeting agreed that a user payment has appropriate and achievable.

This following options for recovery are highlighted and reviewed:

Option	Description	Focus recre com	Comm	Objective							Total
				1	2	3	4	5	6	7	
A	Free Use ALL Income from ICC General Rate	√	√	2	-2	2	0	-2	2	2	4
B	Free Use Recreational : Commerical Charge Balance Income from Loan Gaurantors and Gentral rate (if needed)	√	x	0	-1	0	2	1	2	2	6
C	Annual Membership - Boat Registered, Rec \$15 per lift or \$100pa Cmm \$300 per lift	√	√	1	1	-2	2	1	2	2	7
D	Annual Memebrship - Family or Car Registered - Boat Registered, Rec Casual \$15 per lift or \$100pa Cmm \$300 per lift	√		0	0	-1	2	1	2	2	6
E	Fixed cost per Boat Rec \$10 per boat Commer \$100 to \$300 (depend on size	√	√	2	1	0	2	1	2	1	9
F	Charge per Trailer Axle			0	2	-2	2	1	2	1	6
G	Charge per Boat weight			-2	2	-1	2	2	2	2	7
H	Charge per Ramp use plus Carpark per day			-1	2	2	2	1	2	1	9
I	Gate and Barrier Arm Solution(key Membership)			2	1	1	2	1	2	1	10

Options and Information

Why -

The stakeholder group has indicated they believe a user pays system is appropriate. The funding agreement which includes a \$250,000 loan is based on a user recovery approach. It is noted that the there is also an \$800,000 loan which is funded by rates across Invercargill.

What for-

The User pays approach is seen to recover the interest and principal repayments of the loan over a ten year period, a contribution towards routine maintenance and operational costs such as consents and inspections and administration of any recovery.

How much cost? -

Loan repayments cost annually about \$ 29,700 (at 2.5% interest rate).

R&M allowance is \$6250 per year

Admin of collection is allowed at 15% of the revenue which is around \$5000 per year.

How many users?

A survey in 2018 (Neylon) over a two month period has estimated the number of uses per year at approximately 2400 boat entries. This is about 6.5 per day or 46 per week. It is recognised this varies day by day but the first phase of any scheme will be to also data gather and have better information top model cost recovery. The number of commercial users has been estimated at 55 per year for this basis.

For the cost model it is proposed to assume that 60% of users will join an annual subscription and 40% will pay a casual rate. Each of the annual subscription user will use the ramp 10 times in a year. Therefore we will have 140 annual subscriptions and 940 casual uses and 50 commercial uses.

Cost Model Proposed

The proposal is for (GST Inc)

Phase 1- Introduction

Annual Subscription	\$100 per year (per Boat)
Joining Fee	\$50 one off (Waived during Phase 1)
Casual Use	\$15 per use
Commercial Use	\$ \$250 per use
Admin Recovery Fee	\$25 (ifs not paid within 7 days via an online payment)

	Recreation	Total Use	Cost Inc per use	Cost Ex GST	revenue	Repayment at 2.5%	R&M pa	Collection	Total	Diff
Annual (10 uses) Memberships	140	1400	100	86.95652	\$12,173.91		2.50%	15%		
Random Use	940	940	15	13.04348	\$12,260.87					
Commerical	50	50	250	217.3913	\$10,869.57					
		2390			\$35,304.35	\$ 29,700.00	\$6,250.00	\$ 5,295.65	\$ 41,245.65	-\$ 5,941.30

The boat is the element registered not the person or car.

The model shows that a first year loss of \$5900 occurs. Phase 1 is the period where better data knowledge is gained and the financial model is tuned. It is also noted that the funding agreement with ES and SPNZ underwrites this loss in equal shares with ICC.

Phase 2 – Data Knowledge

To be confirmed and agreed with stakeholder User Group

Utilise the weight and axle costing options for better share of costs. It maybe the commercial component is higher and needs to carry more of the fee

Implementation

The suggested approach is as follows:

- 1 Have a video Camera recording all movements at the ramp. this adds security value to operation
- 2 Member Subscription :
 - Contact information - name Address, Mobile No
 - Boat Name
 - Boat Number
 - No of Axles
 - Trailer Weight (approx.)
 - Boat Make and Model (for id reasons)
 - Waiver of Privacy Statement
 - Year dated Sticker posted to address to be secured to Boat Trailer on Draw bar
 - Process on line as much as possible to reduce admin
- 3 Casual Users
 - a. Honesty System Approach (Name and Shame Approach) – be willing to do it!
 - b. Signage on Site with conditions of use
 - c. Agree by use to pay the agreed fee on line within 7 days
 - d. No cash on site (or possible payments at Bluff local businesses)
- 4 Commercial Users
 - a. Agreement of a monthly advice on uses and invoiced.
- 5 Enforcement – Checking
 - a. Random checking and arrange with stakeholder group how to manage
 - b. Check on site carparking, if trailers do not have sticker, review video and check payments. Work hard in first months to make sure they are followed up.

Key Issues for Resolution

- 1 Phase 1 does not recover sufficient revenue but is seen as setting up new behaviour and once established that a payment is acceptable then the costs can be agreed and met. As noted it is underwritten by others so this should be used.
- 2 What if people have two or three boats?? What do they pay?
- 3 A user be denied access to a public ramp and how enforceable are user pays?
- 4 Right to use number plate data for collection of fees?
- 5 Right and willingness of name and shame as a Council or Community?
- 6 Cost of recovery and admin?
- 7 System for Annual subscription proportional charge when (i.e. you join month 7 into year what do you pay?
- 8 Setting a joining fee – one off for admin and set up. Waive for first year to encourage joining.
- 9 Consider if a gate and electronic key and or payment is viable (i.e. similar to a carwash code you much in after paying)

- 10 Options for charging for carparking on site rather than the ramp? (I.e. ramp use is free but insufficient carparks!)
- 11 This approach has not allowed for consumables such as the wash-down water which will be on a different charge
- 12 Payment on line – who develops this?
- 13 What the recovery options if someone does not pay, do we have the legislative powers to actually enforce and recover.
- 14 Who will manage the scheme and enforce it?

Conclusion

The user pays approach has the support of the stakeholder group as being reasonable and appropriate

A fair system is required which is easy to administer. What

The approach will not cover all users and some will deliberately ignore it unless the ramp is physically locked off and a key (or electronic key) is used.

The fees indicated appear to be reasonable and are possibly lower than some are contributing to the yacht club now. The approach is to change the acceptance to paying first.

The loss incurred is met from others but this needs to be discussed and confirmed.