15.3. REQUEST FOR PROPOSALS – MOORING FACILITY WITH MULTI-USER PONTOON, PORT LINCOLN MARINA – POSSIBLE COUNCIL SUBMISSION – UPDATE REPORT

**Strategic Directions Goal:**  
Goal 5: Sustainable Service Delivery and Productive Community Assets

**Strategic Directions Objective:**  
5.2 Infrastructure aligned to community needs and expectations

**Services Area:**  
Sustainable Resource Management

**Budget Implication:**
Council’s possible role as a project proponent and prospective developer, owner and operator of new pontoon and related assets for vessels of up to 200 tonnes would have significant capital costs, possible partial off-setting grant revenue and expected on-going operational costs. These are not included in the current Budget but future capital expenditure ($500,000) that could be part or all applied to appropriate boating and/or mooring facilities is identified in the Sustainable Projects Delivery Plan.

#### 15.3.1. Proposal

To consider the status of the Request for Proposal (RfP) process following Council’s resolution of 16 January 2017 and determine whether to pursue further investment of resources in work to investigate or prepare a possible Council-initiated RfP response for Council’s further consideration.

#### 15.3.2. Background Discussion

Council on 16 January 2017 resolved (CO17/003):

*That Council writes to the Department of Planning, Transport and Infrastructure requesting consideration of an extension of three months to the closing date for proposal requests, to enable sufficient time to determine the best needs of the community and stakeholders, cost benefit analysis, and whether Council should lodge a proposal as per the Tender documentation.*

Council has considered the matter of a ‘public pontoon’ to meet the needs of a wide range of vessels at the Port Lincoln marina on a number of previous occasions in 2015 and 2016.
Council on 18 January 2016 resolved (CO16/004):

1. *That Council notes and supports in principle the initiative of the Sarin Group to re-establish a boating pontoon for non-exclusive use in the location of the existing pontoon adjacent the Marina Hotel with the objective of providing a facility that will meet the passenger access needs of tourist vessel operators and visiting vessels of up to 50 tonnes.*

2. *That Council resolves not to take further action at this time to undertake a possible public investment in a public boating pontoon adjacent the Marina Hotel.*

3. *That the identification of solutions to meet future need for public boating facilities in the Port Lincoln Marina precinct be referred for consideration by the Marina Maintenance Committee and in any future precinct planning, including the possible relocation and reconfiguration of the Shark and Cray Berths or redevelopment of the refuelling wharf.*

4. *That Council further considers the long-term option of improving berth and related facilities at the Axel Stenross Maritime Museum site capable of accommodating vessels including the MFV Tacoma.*

**15.3.3. Discussion Detail**

**Request for extension of time on the RfP**

In response to Council’s request for an extension of time ‘to enable sufficient time to determine the best needs of the community and stakeholders, cost benefit analysis, and whether Council should lodge a proposal …’, Department of Planning, Transport and Infrastructure (DPTI) has advised that it will extend the time for responses by eight (8) weeks, ie to 28 March 2017.

Other parties that have received RfP packages have been advised by DPTI of the amended submission date.

**Meeting of stakeholders**

As forecast by Mr Doyle (representing the Tacoma Preservation Society) at the Council meeting on 16 January 2017, local businessman and investor Mr Peter Teakle facilitated a meeting of invited stakeholders on 20 January 2017. This meeting was independently arranged as an initiative additional and separate to Council’s previous similar meetings (where a consensus position of all parties had not been reached) presumably with some expectation that greater consensus might be found.

Mr Teakle outlines the purpose of the meeting as ‘to reach a resolution [of those stakeholders present] to put forward to the Port Lincoln City Council’.

Mr Teakle has provided a summary of the 20 January meeting (attached), which is further summarised as follows:

- There were nine (9) stakeholder attendees at the meeting, and four others
- After discussion a ‘vote’ was held on the proposition of ‘support [for] the Sarin Group’s application to upgrade the existing Marina Pontoon to 70 Tonne capacity, for a passenger loading and unloading facility only (no permanent mooring)’. Seven stakeholders supported that proposition, and two did not
- It is acknowledged that the meeting outcome only reflects the majority view of those invited stakeholders attending and that this was not a consensus or unanimous view
• Notwithstanding any limitation on the ‘representativeness’ of the meeting, it can be concluded that the Hotel owner and Hotel operator objection to the mooring of the MFV Tacoma on an on-going basis at the proposed pontoon location, expressed at earlier stakeholder meetings, has not changed.

ATTACHMENT I2017569

Community needs and economic value
While the views of the direct stakeholders in a multi-user pontoon facility are critical, and a consensus position highly desirable, the Council resolution of 16 January 2017 also refers to ‘community ... needs’. Council’s consideration of this matter has previously been the subject of local media information and Council’s engagement has been with identified direct stakeholders. No specific ‘engagement’ process has occurred to seek the views of the wider community.

During early January 2017 the Port Lincoln Times newspaper ran an on-line ‘poll’ associated with an article on the Tacoma Preservation Society proposal for a Council-initiated multi-user pontoon and landside facilities. Respondents could ‘vote’ on the question ‘Do you think a pontoon that caters to both the local community and tourists is a good idea?’ – as at 2 February 2017, there were 155 ‘yes’ votes (92%) and 13 ‘no’ votes (8%).

While the related article focused on the idea of Council leading a vision for a multi-user facility to meet all stakeholders’ needs, it did not specifically identify permanent or on-going mooring of the MFV Tacoma as a key outcome. The poll response indicates support for a multi-user facility but is not considered informative as to public opinion on the questions of on-going mooring of the MVF Tacoma at that site or the desirability of Council becoming project owner in the circumstances.

There is a strong, albeit unquantified but also commonly agreed, case that significant wider value to the local visitor economy would result from a multi-user pontoon facility that enables numerous charter and tour operators and visiting pleasure craft to embark and disembark at a common central location.

Tacoma Preservation Society asserts there is further local economic (and community) value in:
• the retention of the MFV Tacoma as a Port Lincoln tuna fishing industry icon, in turn supporting the ‘Seafood Capital of Australia’ brand, and
• enabling its ready and prominent accessibility to visitors, students and the community generally by on-going mooring at a multi-user facility, supporting both direct experiences on the vessel and its appreciation as part of fishing and maritime history in Port Lincoln.

Submissions under way
It is understood that both Sarin Group and Tacoma Preservation Society are preparing to submit proposals in response to the RfP, which are summarised in the attached documents. Tacoma Preservation Society has also advocated – consistent with its position for some time – that Council should initiate a ‘public interest’ submission to meet the needs of all potential users including the MFV Tacoma on a ‘permanent’ basis.

Sarin Group proposes to upgrade the existing pontoon to be able to handle vessels (one vessel at a time) up to 70 tonnes (allowing for the forecast size of future charter vessels), and to operate on a ‘commercial’ basis by recovering costs over a ‘reasonable term’. This would be an embark and disembark facility without capacity for any vessel to moor long-term or permanently, and implementation in mid to late 2017 is planned.
Sarin Group has sought to be heard as a Deputation at the meeting of Council and this is listed separately in the Agenda papers.

ATTACHMENT I20171004

Tacoma Preservation Society proposes to lodge a RfP response consistent with its Provisional Development Plan Consent for a pontoon of similar dimension and location to the existing one, to provide on-going mooring facility for the MFV Tacoma with the ability to temporarily relocate when needed and to add to the facility to accommodate additional vessel/s.

ATTACHMENT I2017969

Tacoma Preservation Society has confirmed availability of financial project options analysis, a site plan and perspective drawings for a multi-user facility including land side improvements, and quotes for supply of pontoon components. These can be considered by Council if it is determined to proceed with further preparation of a RfP response.

Cost-benefit analysis
At this stage no further cost benefit analysis has been undertaken pending Council’s confirmation on whether to proceed with further work to develop a RfP response, which would include cost-benefit considerations. While Sarin Group and Tacoma Preservation Society each propose single-vessel facilities, it is assumed that any Council proposal would be for a 50 metre facility, to enable on-going mooring of the MFV Tacoma together with loading and unloading of other vessels.

A summary of previously reported, albeit not highly detailed, project cost estimates is outlined below:

- the report of Tonkin Consulting in June 2015 estimated the cost of a 50 metre pontoon facility (two vessels at any time, up to 120 tonnes) at $500,000. It is estimated based on the Tonkin report and other assumptions that the facility would have an annual operating cost of $40,000 including depreciation cost;
- Seaslip in January 2015 advised a cost estimate of $255,000 for a pontoon of 50 metres length and 150 tonne capacity; when allowance is made for piling, project management and contingency, this estimate is $450,000;
- Tacoma Preservation Society (TPS) has provided its quotes for supply of pontoon solutions, for which a 90 metre facility would cost $480,000 with the same inclusions as above;
- ‘landside’ facilities to support the pontoon operation, for passengers in particular, could be specified at quite low and basic level through to more substantial and sophisticated structures. These have not been considered in any detail, but could be assumed to cost at least $50,000 and up to $500,000 – and are not included in the estimates above.

The actual cost of ‘constructing’ a pontoon facility may vary depending on the extent to which timing is flexible to allow for piling to be done in conjunction with other similar work in the area to provide travel and set-up cost efficiencies for the contractor.

Based on the current information it is prudent to assume that a 50 metre facility will cost between $8,000 and $10,000 per lineal metre, ie $400,000 to $500,000. The whole of life evaluation below is based on the $400,000 estimate.
If annualised over 20 years at current value, the capital cost together with annual operating cost would equate to $60,000 per year, and if an estimate of 10,000 ‘passengers’ per year is accepted that would be $6.00 per passenger (if 20,000 passengers is assumed, the whole of life cost would be $3.00 per passenger).

Note: previous work has assumed a weight for MFV Tacoma as 120 tonnes, but recent information confirms it is 168 tonnes.

Sources of funds
TPS has referred to the availability of grant funding from various sources, primarily the Recreational Boating Facilities Fund. While grant funding may be achievable, its extent and timing relative to a planned project schedule cannot be assured, and the grant funds would ultimately be ‘public money’ albeit not Council ratepayers’ funds.

If it is assumed that the maximum grant funding would be 50% of project cost, then the nett capital cost to Council outlined above would reduce by that amount, resulting in a cost per passenger of $5.00 (at 10,000 passengers per year).

Council’s Sustainable Projects Delivery Plan forecasts the investment of $500,000 in 2020/21 for the Strategic Directions Plan Action relating to ‘safer boating and harbour facilities to maximise coastal tourism and commercial potential …’. This capital funding, possibly together with grant funds, could be partly or primarily directed to appropriate joint user pontoon facility/s, ideally where there is stakeholder consensus and a need for public intervention to deliver the outcome/s.

TPS has also identified an option (if Council was the project owner) whereby Council might take ownership of the existing Hotel outdoor dining deck - which is owned by the Minister for Transport and leased to the Hotel - and on-sell the deck to the Sarin Group as the Hotel owner, then allocate those funds to meet Council’s portion of the pontoon (and any associated facilities) construction cost. This is not included in any of the estimates set out above.

15.3.4. Conclusion

In the continued absence of stakeholder consensus about a joint use pontoon solution at the location adjacent the Marina Hotel, including the on-going mooring of MFV Tacoma, that might be developed, owned and operated by Council in the public interest, the following considerations underpin the decision now required to pursue or not a Council-initiated RfP submission:

- Council’s intervention would involve an estimated minimum public investment of $400,000 and $40,000 per year in operating costs, which can also be expressed as $6.00 per passenger for 10,000 passengers per year
- There is a private sector proposal being prepared by the Sarin Group to meet the great majority of tour, charter and visiting vessel needs (but not MFV Tacoma on-going mooring), requiring no public investment in the pontoon facility
- TPS as a not-for-profit entity is preparing a RfP submission for a single-vessel facility to meet the needs to MFV Tacoma, in line with its planning consent, but with capacity for expansion
- A Council-initiated project would be undertaken clearly contrary to the on-going objections of the owner and the operator of the adjacent Marina Hotel, and with some risk of challenge or frustration to the project implementation
Counter to the Hotel stakeholders’ position, TPS maintains that it should be able to berth MFV Tacoma on an on-going basis at the joint use facility and that the public interest in this outcome outweighs the consideration that should be given to the Hotel’s objections and any remaining waterway congestion and safety concerns.

Having regard to:
- the position previously reached by Council,
- the current lack of stakeholder consensus, and
- the intention of other parties to invest in a multi-user pontoon solution (albeit not meeting entirely all vessels’ needs) via the RfP process,

it is considered that Council should not pursue further participation in the RfP process.

**Recommendation**

1. That Council thanks the Department of Planning Transport and Infrastructure for the opportunity to consider making a submission to the Request for Proposals for the multi-user mooring facility at Port Lincoln marina.

2. That having regard to the lack of direct stakeholder consensus on the scope of a Council-initiated multi-user pontoon project and the intention of other parties to pursue Request for Proposals solutions, Council determines not to pursue the investment of public resources through a Council-initiated proposal.

Rob Donaldson

CHIEF EXECUTIVE OFFICER
Mayor Bruce Green  
Port Lincoln City Council  
Tasman Terrace  
Port Lincoln SA 5606

Re: Meeting held with stakeholders regarding Marina Pontoon future use

Dear Mayor Green,

As you are aware, a meeting was held today in the Boardroom of Peter Teakle Wines, Port Lincoln, to discuss the existing Marina Pontoon and the Sarin Group proposal to upgrade the facility to 70Tonne vessel holding capacity.

Guests were invited by Peter Teakle, based on their involvement with the Marina pontoon either through commercial or private use. This was not a public meeting and we acknowledge the motion that was carried today, reflects the view of the stakeholders present only.

Those who attended the meeting were:

Peter Teakle – Chairperson, Teak Corp  
Diana Mislov – Not invited by Peter - attended to represent the Port Lincoln City Council  
Fred – Fred’s Marina Cruises  
Mayor Bruce Green – Port Lincoln City Council  
Glen Karutz – Sarin Group  
Peter Dennis – Triple Bay Charters  
Martin Hains – Marina Hotel  
Janet Forster – Calypso Star Charters  
Barry Power – Western Cray fishing Association  
Ian Doyle – Tacoma Preservation Society  
Yasmin Stehr – Oceanic Victor  
Linda Davies – Not invited by Peter – attended to represent the Port Lincoln City Council  
Diana Williams – Peter Teakle Executive Assistant, Teak Corp
A general introduction from Peter Teakle was conducted, outlining the main objective of the meeting with stakeholders and the intention to reach a resolution to put forward to the Port Lincoln City Council.

Discussions relating to the existing use of the Marina Pontoon, on-going concerns for ‘permanency’ for vessels to moor at the location, as well as tourism objectives and vision for the future all took place.

I would like to inform you that a vote was carried out with members of the meeting who actively use the Marina Pontoon (or have done in the past) and express interest in future use, based on the following:

Those in favour of the motion to support the Sarin Group’s application to upgrade the existing Marina Pontoon to 70Tonne capacity, for a passenger loading and unloading facility only (no permanent mooring) to say YES.

Those not in favour of the motion to support the Sarin Group’s application to upgrade the existing Marina Pontoon to 70Tonne capacity, for a passenger loading and unloading facility only (no permanent mooring) to say NO.

Members representing the Port Lincoln City Council (uninvited guests) and yourself as Mayor, were not included in the voting.

The final results of the motion were SEVEN stakeholders in favour of the motion and TWO not in favour.

We request this motion outcome is passed on to relevant Government departments in relation to the tender documents that must either be submitted by 31st January 2017 or if the Port Lincoln City Council will seek an extension as per the motion carried at your Port Lincoln City Council meeting on Monday evening.

Yours sincerely,

Peter Teakle
2nd February 2017

Rob Donaldson
CEO
Port Lincoln City Council
Tasman Terrace
Port Lincoln SA 5606

Dear Rob

RE: MARINA HOTEL PONTOON REQUEST FOR PROPOSAL

As indicated I would like the opportunity to present to and inform Council of the Sarin Group’s proposal in respect of the pontoon and its associated water area located adjacent to the Marina Hotel.

You will be aware that the Sarin Group lease through Lincoln Cove Investments Pty Ltd expired on 31st August 2016.

The Department of Planning Transport and Infrastructure (DPTI) indicated back in 2015 that it would be calling for Requests for Proposals in respect of a pontoon facility at the same location.

Despite indicating that this would be done early in 2016 the tender information was not released until December 2016.

Council at its last meeting resolved to contact DPTI to seek an extension of time for lodgement of Proposals following a presentation by Tacoma Preservation Society and a subsequent meeting of stakeholders with an interest in the pontoon area.

An extension of time has been granted till 31st March 2017.

The Sarin Group will be lodging an Expression of Interest in continuing to lease the water area at which the current pontoon is located.

Our proposal will be that the Sarin Group will fund an upgrade of the existing pontoon to a capacity whereby it can handle vessels up to 70 tonnes. The DPTI documents require the
facility to cater for vessels up to 45 tonnes but we believe that this should be increased to cater for future upgrade of charter vessels.

It is then intended that the facility will be run on a commercial basis whereby users will pay for usage of the pontoon to enable recoup of capital and operating expenses over a reasonable term.

The pontoon facility will be an embarkation and disembarkation facility only and hence will cater only for temporary mooring to facilitate this.

The initial closing date for proposals was 31st January with DPTI advising they would make a decision within 8 weeks of the closing date (i.e. 31st March 2017).

On this basis we believed that we could, if we were the successful bidder, have the upgrade done by 30th June 2017.

Given the 2 month lodgement extension this will not be achievable and will therefore be later in 2017.

In our view it is important that this matter be dealt with as promptly as possible given that the existing pontoon has been incapable of use by charter operators and the public (for vessels over 10 tonnes) since 2014 (some two and a half years).

We are concerned that if Council sees fits to adopt the course outlined by Tacoma Preservation Society we will not see a facility available for use by the charter operators for a further two years or more – potentially leaving charter operators with no permanent embarkation and disembarkation facility for up to 5 years.

Given that the Sarin Group offered to allow Council to take over the lease of the existing pontoon and infrastructure at no cost some 18 months ago and that Council chose not to do so we will be seeking your backing for our current proposal.

We would also note that at the recent meeting of stakeholders the overwhelming majority of attendees were in support of our proposal.

I look forward to presenting further detail on Monday evening.

Yours faithfully

Glenn Karutz
January 9, 2017

Rob Donaldson
CEO
Port Lincoln Council
PO Box 1787
PORT LINCOLN SA 5606
E: Rob.Donaldson@plcc.sa.gov.au

Dear Rob,

Request for Proposal (RfP) for: LICENSING OF LAND FROM THE MINISTER FOR TRANSPORT AND INFRASTRUCTURE

TO;

DEVELOP A MOORING FACILITY THAT AS A MINIMUM PROVIDES A MULTI-USER EMBARKATION AND DISEMBARKATION PONTOON FOR THE PUBLIC AND TOURIST VESSELS OPERATING OUT OF LINCOLN COVE MARINA

Reference number: 16C050
Issue Date: 2 December 2016
Close Date: 31 January 2017

The Tacoma Preservation Society’s research and design work on the Department of Transport Infrastructure and Planning’s (DPTI) tender for a multi user embarkation and disembarkation pontoon plus onshore public domain development at Lincoln Cove Marina clearly indicates the objectives can best be achieved by the PLCC developing a facility that will cater for the needs of the Port Lincoln Marina based tourist operators and broader community into the future.

This would be a shared facility of some 100 metres length, using the same ownership funding and operational model the PLCC has previously used with the Billy Light and Axel Stenross boating facilities, but servicing larger displacement commercial and private vessels.

The PLCC resolution of 18 January 2016 and the December 2015 stakeholder meeting identified the proposal of the Sarin Group to proceed with re-establishing a non-exclusive pontoon facility adjacent the Marina Hotel to meet the needs of tour operators and other vessels of up to 50 tonnes. It was identified as a private sector initiative, subject to retaining the licence from the Minister for Transport, to occupy the pontoon water space.
Having regard to the above, it is considered that the TPS proposal for the adjacent Marina Hotel location does not represent a feasible proposal that Council should proceed to further develop or pursue, as it is subject to the Sarin Group receiving the lease of the promenade.

Such an advantage to the Sarin Group effectively rules out any fair and transparent tender process.

In essence, if the government gives the Sarin Group a peppercorn rent on a property worth in the order of $300,000.00, they will build a $100,000.00 pontoon. This would be questionable economics in any world.

Since this statement, TPS

- Has applied for a development approval within the proposed site. The DA was approved, overcoming all of the marine safety issues and paves the way for a multi functional facility to meet the needs of an expanding marine sector.
- Has developed onshore design concepts
- Has undertaken economic modelling of three possible options

To introduce transparency into the allocation of this section of water in the Lincoln Cove Marina, Minister Mulligan called for Tenders on 2 December 2016 to build, supply and operate a 45 tonne facility. In the process Minister Mulligan deemed the area to be leased as a Greenfield site.

“Proposals to design, construct, own and operate a pontoon suitable for the embarkation and disembarkation of tourists and the public, suitable for vessels with a mass of up to 45 tonnes in the Port Lincoln Cove Marina.”

Based on figures supplied by the South Australian Tourism Commission and the Department of Conservation, the passenger movements will be upwards of 20,000 people a year made up of 15,000 shark diving clients and 5,000 other and public use movements (government projected figures).

As you are aware, some 17,000 international visitors visited Eyre Peninsula in 2015, many of who were drawn by the adventure of shark diving.

Research indicates the proposed facility should be designed to allow for the simultaneous loading and unloading of 2 x 24 metre 60 tonne vessels each carrying 60 people. This size is anticipated to be the industry standard to meet future predicted passenger loads. The current passenger numbers with an occupancy rate is 33% to 50%. The anticipated 50% is a realistic industry rate when seasonality daily weather and a 270 day limit on shark cage activities (230 actual in 2016) is taken into consideration.

A pontoon of 50 metres will accommodate 2 such vessels. Given comments made at the PLCC instigated stake holders meeting facilitated by Deputy Mayor Starke, it was indicated that;

- the fishing and aquaculture fleet is now putting a lot of pressure on the Marina infrastructure (which is 30 years old).
- it was likely that tour operator vessels will exceed 50 tonnes in the future.
The nominated 45 tonnes is therefore likely to be an inadequate size for future industry requirements. There are currently a number of vessels in the 170 to 200 tonne range that operate with passengers out of the Lincoln Cove Marina.

In addition to a passenger and unloading zone of 50 metres, there is the space within the site for the Tacoma Preservation Society s to install a 25 metre pontoon to meet the needs of the MFV Tacoma as set out in its DA application October 2016. The positioning of the MFV Tacoma will allow the attachment of a 20 metre pontoon to the west and a 50 metre pontoon to the east. That is approximately 100 metres. To achieve this outcome, given there are two major land holders (PLCC and DPTI), a community based approach should be considered as the only viable option in any tender proposal.

Serious consideration must also be given to the on-land component of any pontoon instillation to cater for passengers. With projected numbers and an operation time of 7.00am to 7.00pm an all year shelter for passengers should be considered.

- The TPS has engaged a designer to develop concept plans for the on-land component of the passenger terminal. A facility for the passengers and the public will at the same time enhance the Port Lincoln communities open space assets. To effectively handle the numbers quoted by the Department of Tourism and given a growth rate of 10% to 20% a year, there will need to be provision of services and infrastructure to cater for the expected 20,000 people (9,000 shark diving clients in 2014).

Over the last 5.5 years the PLCC has considered the original proposal put to it by the TPS and has passed a number of resolutions that have attempted to achieve a satisfactory outcome. The calling for a tender by the Minister is an opportunity to once again seek out the solution to this expanding tourism component of our local economy.

To further this initiative, the TPS respectfully request a meeting with your appropriate personnel to investigate the avenues that may be open to further the concept of a passenger terminal, with the objective of negotiating with the SA Government and the Department of Transport, Planning and Infrastructure. The cost of such a facility could be shared among the different users with savings in joint gangways, piling and common on-land infrastructure. This has the potential to reduce the cost for the separate user groups.

We’ve engaged an economic modeller from Ernst and Young to provide a range of options concerning the proposed development. Various funding models clearly indicate that the variation between the best and worst options will cost more than a million dollars over the 20 years of the proposed life of the lease. The TPS economic modelling indicates the facilities could be funded at no cost to the PLCC with the potential of a positive income stream. Alternative options could result in a loss of over $800,000.00.

The TPS would appreciate the opportunity to present these findings to the PLCC before the next Council meeting on January 19th. I look forward to hearing from you.

Best regards

Ross Haldane