

# Friends of Penzance Harbour Scilly Link Options Costs

## The Conclusions

1. The out of town freight depot described in the options appraisal (Option C) is just 8% more expensive to run than the Route Partnership scheme (this is equivalent to less than 1% of freight turnover), but would be 18% cheaper if MAFI trucks have to be used for Option A, which is likely.
2. Option C with staff multi-tasking is 14% cheaper to run than the Route Partnership scheme and 35% cheaper if MAFI trucks are used.
3. A passenger terminal next to the Meadery combined with an out of town depot using a rented unit at Long Rock industrial estate (see Option E below) is the cheapest option to run and would be 37% cheaper to run than the Route Partnership's proposed scheme. This rises to 52% cheaper if MAFI trucks have to be used for Option A. If the freight depot is purchased instead of rented (Option D) those percentages drop to 29% and 46% respectively.
4. Option B is just 3% more expensive to run than the Route Partnership scheme and 22% cheaper if MAFI trucks are used.

## The Options

Option A	This is the original Route Partnership scheme.
Option A+	This is Option A plus the use of MAFI trucks instead of fork lifts on the quay; this is not recommended by LV Shipping but is likely to be a planning requirement because of noise and other factors argue in its favour.
Option B	This is as in the options appraisal, i.e., freight terminal in the old Trinity House building and a passenger terminal on the Meadery/PMS site.
Option C	This is as in the options appraisal, i.e., freight terminal at a newly constructed out of town depot and a passenger terminal on the Meadery/PMS site.
Option C-	This is Option C minus the cost of the two lorry drivers with their tasks being undertaken by multi-tasking individuals from the remaining 9 staff members. There is insufficient driving work (around 25 trips totalling c. 150 miles per week) to justify two full-time drivers and no commercial operator would employ them when other staff can do the job.
Option D	This is a new option involving the purchase and use of an existing unit (18) on the Long Rock industrial estate as a freight depot and a passenger terminal next to the Meadery.
Option E	This is as Option D but renting the unit at Long Rock instead of buying it.

## The Costs

Capital cost savings have a direct effect on running costs. A reduction in the capital cost of the freight and passenger terminals leaves more funds available for the purchase of the new vessel (Dft funds both), which reduces the amount that Cornwall Council has to borrow, which reduces the payments on the loan, which frees up part of the fees from the operator to help cover running costs.

	Option A	Option A+	Option B	Option C	Option C-	Option D	Option E
Set up costs	7,914,927	7,914,927	6,587,892	6,552,804	6,552,804	5,445,041	4,252,031
Capital saving on A			1,327,035	1,362,123	1,362,123	2,469,886	3,662,896
Running costs	572,504	758,970	691,210	723,885	598,885	598,885	643,885
Capital saving annualised			102,600	105,312	105,312	190,956	283,200
Total/annum (£)			588,610	618,573	493,573	407,929	360,685
Amount/tonne (£)	44.76	59.34	46.02	48.36	38.59	31.89	28.2
Relative to A (%)			3%	8%	-14%	-29%	-37%
Relative to A+ (%)			-22%	-18%	-35%	-46%	-52%

See attached spreadsheet for detailed breakdown of costs.

## Notes

1. All figures are based on Route Partnership documents except the rental cost of the freight depot in Option E, which is a quote from the owners.
2. Capital savings have been converted into annual savings on the basis of a deferred loan over 25 years at 6% with monthly payments.

**Scilly Link Option Costs**

	Option A	Option A+	Option B	Option C	Option C-	Option D	Option E
<b>Set up costs (shoreside)</b>							
Infrastructure	£3,553,957	£3,553,957	£87,465	£87,465	£87,465	£87,465	£87,465
Passenger terminal (build)	£1,372,639	£1,372,639	£1,333,643	£1,333,643	£1,333,643	£1,270,962	£1,270,962
Passenger terminal (other)			£701,120	£742,800	£742,800	£177,800	£177,800
Walkway	£136,566	£136,566	£126,450	£126,450	£126,450	£126,450	£126,450
Freight terminal	£297,750	£297,750	£1,213,000	£902,639	£902,639	£990,000	£150,000
Additional MRC (not option A)			£1,017,175	£1,017,175	£1,017,175	£1,017,175	£1,017,175
Prelims	£2,106,000	£2,106,000	£1,300,000	£1,560,000	£1,560,000	£1,106,500	£900,000
Overhead & profit (8%)			£462,308	£447,218	£447,218	£382,108	£298,388
Risk (6%)	£448,015	£448,015	£346,731	£335,414	£335,414	£286,581	£223,791
Total	£7,914,927	£7,914,927	£6,587,892	£6,552,804	£6,552,804	£5,445,041	£4,252,031
Difference compared with Option A			£1,327,035	£1,362,123	£1,362,123	£2,469,886	£3,662,896
<b>Freight running costs (per annum)</b>							
Staff	£552,500	£715,000	£652,500	£677,500	£552,500	£552,500	£552,500
Equipment	£20,004	£43,970	£38,710	£46,385	£46,385	£46,385	£46,385
Unit 18 rent							£45,000
Subtotal	£572,504	£758,970	£691,210	£723,885	£598,885	£598,885	£643,885
Cost per tonne	£44.76	£59.34	£54.04	£56.60	£46.82	£46.82	£50.34
Difference compared with Option A			£118,706	£151,381	£26,381	£26,381	£71,381
Difference compared with Option A+			-£67,760	-£35,085	-£160,085	-£160,085	-£115,085
Set up cost saving (over option A) annulised			£102,600	£105,312	£105,312	£190,956	£283,200
Total			£588,610	£618,573	£493,573	£407,929	£360,685
Cost per tonne			£46.02	£48.36	£38.59	£31.89	£28.20
Difference compared with Option A			£16,106	£46,069	-£78,931	-£164,575	-£211,819
Difference compared with Option A+			-£170,360	-£140,397	-£265,397	-£351,041	-£398,285
Percentage difference compared with option A			3%	8%	-14%	-29%	-37%
Percentage difference compared with option A+			-22%	-18%	-35%	-46%	-52%