

SUSSEX YACHT CLUB
MINUTES OF THE MEETING OF THE MAIN COMMITTEE
Held Monday 18 February 2019

DRAFT

The meeting commenced at: 20.00 hours

Present:	Terry Kinch	TK	Commodore, (Chair)
	Kevin Headon	KH	Vice Commodore, Training Principal
	Graham Roberts	GR	Rear Commodore, "Dry" Committees
	David Terry	DT	Rear Commodore, "Wet" Committees
	David Nunn	DN	Rear Commodore, Hon. Treasurer
	Miles Mayall	MM	Director, Moorings Maintenance Committee
	Ian Bush	IB	Director, House Committee
	Kevin Knight	KK	Director, Safety Boat Manager
	Des Silverson	DSi	Director, Dinghy Committee
	Adam Thompson	AT	Director, Sailing Captain
	David Carroll	DC	Director, Sailability & Dinghy Committee
	Tim Leigh	TL	Ex-officio, Secretary
	Jenni Bignell	JB	Ex-officio, Assistant Secretary
	George Bliss	GB	Ex-officio, Member
Apologies:	John Pryke	JP	Director, Dinghy Captain
	David Skinner	DS	Director, Moorings Maintenance Committee
	Mark Sharp	MS	Director, House Committee
	Helen Foster	HF	Director, Chair, House Committee
Absent:	Ann Macey	AM	Director, House Committee, Inbound Rally Secretary
	Sue Large	SL	Director, House Committee

Number Item

1582 TK reminded those present that the meeting was recorded and the necessity for confidentiality and good conduct need to be maintained.

1583 Southwick Moorings Proposal to Renew

1583.1 A document was issued in advance outlining the need for the Southwick Moorings to be replaced and requesting that a decision be made as to how much the Club is prepared to spend on the project:

- (i) To proceed with the Main Proposal; development of two new pontoons entirely on SYC freehold land at a cost of £395,500 for 35 new freehold moorings; Or
- ii) To proceed with the Additional proposal – in addition to the main proposal, to develop and operate half of a pontoon and enter into a 20-year lease agreement with the Port for the use of their land at a cost of £395,000 for 35 new freehold moorings as previously stated with an additional £136,000 investment for a further 13 leased (but club managed) moorings.

1583.2 TK thanked GB, MM and DN who prepared updated proposals and figures and everyone else for their contributions and questions.

1583.3 TK stressed that the proposal does not show the final detailed design and cannot until we are ready to instruct contractors. The meeting was for the Board to decide if SYC wishes to proceed with the proposal stated.

1583.4 It was noted that the financial paper is deliberately cautious and demonstrates costs of a project managed by the Port. Any potential savings will be applied provided the committees involved consider it prudent to do so on behalf of the club.

1583.5 DN noted that the original document contained a final summary page of financial details, page 18, that had a couple of errors in respect of the end of lease rebate. The residual value of the lease had been restated and a replacement final page was circulated.

1583.6 TK referred to the questions and answers previously submitted and requested each Director to individually raise any further questions.

1584 **Questions**

1584.1 (i) KH previously asked a previous question requesting clarification on an increase in operating costs and reduction in income during 2018. DN had noted that the answer was in the detail of the report.

(ii) MM noted the operating cost in the proposal included additional insurance and additional Council Tax which are not part of the £4,500.

(iii) DN clarified the main reason for reduction in revenue with the new arrangements is a) It is a smaller area, and b) we are putting up fees by 20%, but the downside is the space used by the installation of fingers between every 2nd berth.

(iv) DN stated that the cost of the proposed new lease has increased quite considerably.

1584.2 (i) KH previously asked about dinghy space. TK noted that the proposal is to enable SYC to continue to a full design. Moorings for Sections will be bid for and replaced. F Pontoon issue has had some discussion about reducing the width of pontoons, maybe by 0.50m, with a 2.5m strip down the west side of F Pontoon. The vote would get discussion to a point to consider a final design with an appointed contractor.

(ii) Considering dinghies, MM suggested that with either proposal there may be a chance to develop into the little bay between D & E as there is a little water there that the Port cannot use and maybe it would be an idea to approach them.

(iii) GB noted that space for 3 club dinghies plus 55 sq metres has been factored into the preferred boats totals.

1584.3 (i) KH asked about other activities and noted that regattas and rallies at most clubs are a quiet source of income. HK felt that this should be borne in mind.

(ii) AT considered there are two sides; we are lucky that we own moorings and usually only commercial marinas provide berths to visiting yachts. AT asked how many spare moorings would be available from Shoreham Port Authority and TK stated that it is highly unlikely that SPA would make a significant provision for visitor moorings. They are trying to maximise their returns on their moorings and there will probably be no change from now.

(iii) KH noted that now boats can raft up for rallies and that under the new layout it may not allow for that.

(iv) DN mooted the argument that the more boats that are active, the more they will not be there under the new arrangement as they will be sailing, and therefore more spaces will be available for visitors etc.

(v) TK noted SYC cannot afford to have a set of empty moorings available for occasional use. The health of club moorings and members activities is most important and rallies and regattas will be dealt with as and when.

- 1584.5 (i) KH previously asked if budget costs for quality assurance were in place and what insurance would it give against failure in short and medium term. KH further questioned what effect the use of internal expertise would have on our insurance in the case of failure. He wished to clarify if quality assurance should be costed and put in place, and questioned the effect if it was not undertaken.
- (ii) MM said there is financial provision for external quality assurance if we need it but some further discussion is required with SPA. There is however an allowance within the professional fees.
- 1584.6 (i) KH asked whether discounts on membership could be offered to raise funds rather than just target the moorings owners. DN is currently working on cash forecasting and sees it coming to a point where we will have an overview of the Club's position. We will also have an indication of the effect of the VAT recovery scheme on the new clubhouse. At that point the cost of the clubhouse will be the remaining outstanding issue. Nothing can be finalised until all that is known.
- (ii) TL said it has been previously considered but with two major projects the clubhouse project will have various requests made to the membership in general and that has a greater draw to the bulk of the membership as compared with the moorings. It was considered better to target berth holders for berths, and members for the club house.
- 1584.7 (i) KH said he is afraid that there will be a nice new clubhouse and pontoons but no money left to do anything.
- (ii) DN considered that when this goes ahead the plan will include the money from the sale of the land and some from cash reserves. There are also other monies being saved up for other things which are potentially divertible in the short term, but he would never sign off anything that left the club vulnerable.
- (iii) TK appreciated the Treasurer's competence and noted that is of great help to the Club.
- (iv) GB felt that the moorings will generate good and reliable revenue. DN agreed that they should create a good ongoing stream of revenue but cautioned that how much risk there is in doing more than a certain number of moorings.
- (v) IB asked if the contractors will be working for SPA, what plans would be in place to stop overspend and was concerned that if we do not have control over the contract then how can we stop overspend?
- (vi) TK stated that work is in cooperation with the Port and they will be engaging contractors for larger area and controlling dredging processes. For SYC to hold the contract would be foolhardy. We are working so far in excellent cooperation and this does not need to change. The basis is that we will have a working committee and placing orders against fixed cost contracts.
- (vii) The major visible risk is the cost of re-levelling the marina depths and this has been risk limited as a cost to £50,000. It would be a choice to exceed that. We can stop there or have a working party in the club who can ask for a funds release if we wish to dredge deeper.
- (viii) SYC have tried to de-risk the scheme through all processes and there would not be a remit for anyone else to increase costs.
- (ix) IB asked if there is one contractor for the whole thing and TK stated there are Phases 1, 2 and 3. Phase 2 has pontoons F & D, but the breakdown of the phase is also broken down into individual pontoons. Phases 1 and 3 do not involve SYC.
- 1584.8 (i) DT asked if there has been any consideration of SYC selling the interest in the land and becoming tenants to SPA and thus avoid infrastructure costs. SYC could then collect income for moorings for an annual fee.

(ii) TK responded that at the outset it was considered and thought undesirable. No costings were available and no discussion has been made with the Port.

(iii) TL noted that the Port do not have the money to do the scheme.

(iv) TK confirmed that SYC has not considered disposing of its freehold at Southwick and considered that it would be rather a drastic U turn within the timeframe.

(v) DN verified that we are not spending money we have not got and taken from what is in the report, the main proposal of £395,000 has £250,000 of ring fenced capex, with the £109,980 being a bit speculative and £35,520 to find. There is some likelihood that some of the berth holders may put money up front as part of a pre-payment scheme, currently shown as the £109,980.

1584.9 (i) AT submitted questions in advance and felt the answers were satisfactory. However he asked about buying Sibella's or Riverside freeholds. TK noted that Sibella is not interested in selling and this is not likely to change, however SYC have not asked specifically in respect of these proposals.

1584.10 (i) TK confirmed the mooring designs are for 10-12 metre boats. Discussion has been held for various ways of charging for shorter boats by not charging the whole of the maximum length of the mooring to encourage boats to use the space. It was confirmed that SYC would not look to penalise 7-8m boats.

(ii) DN said that the model allowed for a 90% utilisation.

(iii) MM responded that smaller boats are desired and there may be opportunities to reduce the spacing between fingers to get more in. Design has to be laid out and there is bound to be a bit of a compromise.

(iv) DN considered in the longer term the spaces between the fingers could be widened out or squeezed up if need be and that it will be possible to make the best of what is available.

1584.11 IB asked what is the preferred demand, usage once a year or ten times a year? It was considered that this has been thoroughly discussed at previous meetings and Rule 37 has been discussed and passed.

1584.12 (i) DC expressed concern that moorings will be reduced by 22 and asked who will tell people they can no longer moor there.

(ii) GR noted that this will only be a significant problem if smaller scheme is agreed upon. The larger scheme would allow for more people to remain in situ.

(iii) TK reiterated that Rule 37 was previously debated at length and was driven around use of boats on club moorings. It was amended to try to encourage activity and use of boats in the club. TK agreed that will be contentious and some skippers will be asked to leave their berths.

(iv) DN noted a cross over with the CASC status of the club where people must do more than 12 activities a year, and members who are not doing so are not helping.

(v) MM questioned if SYC are in a position of not accommodating boats, perhaps the Port can be approached for their help. They may be quite receptive as the Port has a lot of boats that are not in good condition.

(vi) TK reiterated that there will be some contentious conversations and decisions and the discussion is not about whether to build moorings or not.

(vii) DN noted that this is a separate issue and that the club has more berths than just SWK.

(viii) DSi challenged the numbers of people using their boats and was concerned they have not been monitored properly. The proposal now is based on information about boats that may be inaccurate. TK said that the original errors in documentation have been set aside and a new proposal has been

drafted. TK felt that this was irrelevant to the current decision to be made and that the letting of berths will be under Rule 37 regardless of which decision is made.

(ix) DSi asked if the affected members have been contacted and TK responded that it will be dealt with under Rule 37.

1584.13 (i) GB noted that the only authority available is Sailing Section and the skippers who actively participate. The numbers are very subjective and are the best data available.

(ii) DN confirmed that appropriate data was used including the racing and rallying of keel boats. After that observation was applied.

(iii) DSi noted that the 2.5 m strip down the side of F Pontoon seems good and questioned who would pay for the piling down the roadside. TK responded that the Port will run the contract, it is the Port's road, and he therefore considered the liability would be the Port's. GR said that extensive discussion had taken place. A gradient is present so there is no intention to pile.

1584.14 The first round of questions were completed.

1585.1 TK requested a second round of questions asking each Director to express their concerns about perceived advantages or disadvantages of the proposals and the additional berths on D.

1585.2 KH noted his concerns from the development point of view about costs and funding and liked the combined two pontoons. The additional space would give more flexibility with development over next few years. From information available we should fill most of the moorings and if it does not stretch too much he would back the additional pontoons scheme.

1585.3 DT felt that the additional pontoon scheme would give the best option for the future.

1585.4 (i) AT considered that for the Sailing Section the third pontoon would be better for the club but as a Director and from a financial perspective he considered it hard to support the additional expenditure.

1585.4 (ii) TK encouraged Directors to consider what is better for the overall health of the club. DN said the risk is not only finding the money in the first place but the ongoing commitment for 20 years. A lot of trends may change in the sailing world and a lot of risks could evolve in that time.

1585.4 (iii) TK said that if more moorings are available there is flexibility to keep everything going. However SYC is not for profit and all sections have got to show adequate usage.

1585.4 (iv) AT believes that the trend generally is that small boat fleets are growing and big boat fleets are not. Smaller day boats are a stepping stone as the way forward. The schemes do not give an ability to launch and recover in this way. TK noted we cannot put a launching crane there. Both pontoons systems offer flexibility of pontoons positions.

1584.4 (v) DN noted that spending money more on new berths could mean that we might not have as much available for new boats.

1584.4 (vi) KK asked if we do not get an uptake of racing boats, would the rules be relaxed to get any boat as a source of income and DN gave confirmation. TK said that Rule 37 has flexibility and everyone declares their intent for the year. That will then be the benchmark for who gets the moorings.

1584.5 DC considered how people use boats is changing and hiring is more popular. There is a great demand for moorings in the river and canal. DN considered that the additional berths on D will almost certainly be built anyway and the question is who will pay for them and who runs them.

- 1584.6 KK pondered how many people will be driven away with a 20% rise but DN stated that active skippers are all aware of the proposal. The benefit of the rise is in extra space in the fingers, safety, security, less damage. No complaints have been received.
- 1584.7 GR stated we are still cheaper than Lady Bee. TK considered that all the time people want to sail from Southwick and want to be involved with the club in sailing, SYC are likely to be amongst the most competitive options at Southwick. If it becomes more expensive than Eastbourne etc. it will drive people away from this area. All the time we are competitively priced it will attract people who want to sail from Southwick.
- 1584.8 GR noted the changing world but there is a lot of money still spent in yacht pontoons and there is still optimism in the industry. MM considered that marinas are now more for looking nice rather than for real sport.
- 1584.9 DN felt that hire boats will be available elsewhere for casual sailing activities. Shoreham Port has certain restrictions and if too much activity is built up in Southwick the lock could hinder people getting out. This is a dynamic for Sailing Section to consider, ie 48 moorings with 48 active boats cannot all participate within a tide.
- 1584.10 AT suggested that 20% is a big increase and he would leave if it starts to cost too much as the sailing is better elsewhere. MM noted that Brighton charges roughly double what SYC charge but if we get the costs wrong we run the risk of getting live-aboards as we are too cheap.
- 1584.11 DN thinks that the current group of people will be happy, but felt that the club should consider how we can cater for what people want in the future.
- 1584.12 GR said that under the scheme we will have paid for everything in less than 8 years for whatever scheme is chosen but noted there will still be 20 years of lease.
- 1584.13 (i) Ian Bush considered that if we don't elect to build half of the pontoon we will have no control whether it will get built. AT asked if the club do not support the option with additional D now, whether in a few years could we go back and ask to have it at a fraction of the price should the Port not have progressed the matter. TK said it was considered but SYC have chosen not to follow this route.
- 1584.13 (ii) GR confirmed that the port are optimistic that they will fill the berths.
- 1584.13 (iii) TK said that the port have not allowed for half of D as they are working on the assumption that SYC will do it. If we are not involved then whether it is built or not is beyond our control.
- 1584.13 (iv) AT considered that if SYC just do E & F and only support D, there is no guarantee that the port will do D.
- 1584.13 (v) MM said that the most expensive part to develop is the Eastern basin, and D would go ahead. The Port are obliged to spend every penny they get as they will be privatised if they don't.
- 1584.14 DN considered that if boating activity in Shoreham Harbour generally is on the high side it will be good for everyone.
- 1584.15 GB considered it would open up the shared infrastructure, security etc on D. GR said that secure access to all pontoons will be provided with two access points, one off Lady Bee and one off SYC. Services can run down each side. No significant problems have been seen.
- 1584.16 (i) KH asked about parking and noted that tickets are now introduced for car parks there. Parking will be difficult as the car parks are for Lady Bee and Pebbles. KK felt that less moorings will have less parking. KH felt it is a big disincentive if there is no parking.

- 1584.16 (ii) The port have said that they will not develop the land slip site into parking. No relief will be had on parking and it will probably be worse as no permit will be available unless you are with Lady Bee.
- 1584.17 (i) MM said everyone wants more berths, to be more expansive and prepare for the future offering additional things in the future. The additional investment is £136k but that money is presently unfunded and will probably be borrowed. Economics as seen has no provision for interest payments. The club is entering a period of uncertainty and the biggest group of members is aged 70-80. What will happen to total demand for berths is unknown and that too many berths may be a significant risk factor.
- 1584.17 (ii) MM further considered that the return on capital, the additional amount of £136,000 has a very poor return, and no commercial organisation would spend money on this sort of project given the uncertainties that there are. The Port will develop and manage moorings.
- 1584.17 (iii) In addition the 13 additional moorings don't fit our projected size range of boats. Looking at current demand and what is expected plus boats on waiting list, bigger moorings are what is required.
- 1584.17 (iv) Fewer boats are being built now in 6m – 11m range and with the current ones getting older and disappearing from the picture AT asked if it would be a 20 year or 40 year problem.
- 1584.18 MM considered that developing part of Pontoon D is not an economic or viable option.
- 1584.19 DN suggested that SYC might not go out and build their own moorings if starting again.
- 1584.20 (i) Ian Bush asked how many clubs have their own marina berths as the biggest growth is in virtual clubs with a 35% growth in the last 3 months. DN felt this might be something to consider in 20 years time.
- 1584.20 (ii) GR said that virtual clubs have limited advantages and cost a lot of money. SYC owns the facilities and encourages competitive prices. Southwick usage will increase particularly with dinghies as the space is versatile. GR believes that the larger scheme has many advantages. It will take an extra 4-5 years to pay for it, and the lease is only 20 years.
- 1584.21 The question was asked whether to limit the facility and give it to the active, or spread the facility wider. KK considered the answer is to increase the active boats but have the fallback to keep others there if we have the bigger scheme.
- 1584.22 TK stated we have a new Rule 37 which depends on people putting bids in for anticipated use of their boats to determine eligibility of boats. Initial bidding will be optimistic but the reality may be that people find their early commitments too onerous and unattractive and then are forced out of the club mooring because they cannot keep up their activity. If they wish to stay at Southwick and the Port are selling other moorings, SYC will have lost the opportunity to relax the requirement under Rule 37.
- 1584.23 If there is growth in club boat participation SYC might find the already limited facility is stretched further. The smaller scheme will effectively push out active members as we would not have the space.
- 1584.24 GB suggested we could increase sports boats. KH considered that sailing activity has got to be cheap and easy and maybe a gym-type membership with 20 people using a boat will see more people using other things, ie bar.
- 1584.25 TK questioned the viability of that approach when keelboats are looking for moorings.
- 1584.26 KH suggested that small day-boat keel boats are the only things that will work and felt that sailing opportunities should be available to offer.
- 1584.27 DN noted that the additional proposal would not only commit to a further £136,000 but also SYC would sign a lease for £186,000 in rental over the period.

1584.28 AT suggested that the money for the new club house could be spent in different ways. TK confirmed that the money from the sale of the land will be used wholly to build the clubhouse.

1584.29 TK reiterated that the decision should be only about Southwick and the health of the club and providing we get utilisation of moorings it will cover its costs. This is facilitating activities for the club and not about investment.

1584.30 TK noted that GP Barnes are anticipating a small reduction in their mooring capacity.

1584.31 DC considered that SYC needs to be careful not to run into too much debt as interest rates could increase. Wage inflation is being driven up which will dictate interest rates and it is possible that this could return to 5% and there is no guarantee rates will stay low.

1585.1 Voting was undertaken on the two proposals. Due to a technicality in the way of one proxy vote was submitted it was necessary for the main proposal with the additional item to be voted upon first.

KH held DS proxy.

DSI held JP proxy.

TK held MS proxy.

1585.2 The Vote was held to proceed with the development of two new pontoons entirely on SYC freehold land (Main Proposal) plus to develop and operate half of a pontoon (D) and enter into a 20 year lease agreement with the Port for the use of their land (Additional Proposal);

In favour: 6; GR, MS, DS, DT, IB, KK

Against: 8; TK Dsi JP MM DC AT KH DN

Abstention: None

1585.3 The Vote was held to proceed with the development of two new pontoons (E&F) (Main Proposal)

In favour: 13; GR, DN, TK, MS, KH, DT, AT, IB, DC, MM, Dsi, JP, KK

Against: 1; DS

Abstention: None

There being no further business, the meeting closed at: 22.08 hrs

I agree the above to be a true summary of the meeting.

Terry Kinch, Commodore

18 February 2019

Date of Next Meeting: Monday 25th February 2019 in RER