

## EILEAN EISDEAL TRUST UPDATE - HARBOUR PURCHASE INFO

*To all Easdale islanders, members and friends*

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### **How we bought the Harbour**

Shortly after the Trust was formed in 1997 some islanders began to ask if we could tackle some long standing Island problems. These problems included an inadequate refuse system , sewage system and the decline of the harbour. Islanders who had been about at the time could remember the complete closure of the harbour as a result of storms in 1968 and 1979. On each occasion of the harbour closing over it had taken a couple of years of campaigning to convince the authorities to finance the major dredging operations necessary to re-open the harbour. The current authority , Argyll and Bute Council has been cash strapped since its inception as a unitary authority and it is unlikely that funding from the Council could be found for such an exercise in the current climate. In 1968 and 1979 during the two to three year periods before dredging could be carried there was a great deal of disruption to the ferry service. Nowadays this would be a much greater problem with a higher population and a good number of people working on the mainland.

In addition to this periodic closing as a result of storms there was also an ongoing silting up of the harbour and perhaps more worryingly the harbour walls were beginning to fall down. Our resident engineer , Adrian Laycock described this as 'classic progressive collapse' and warned that this would speed up as time went on. After consultation with Islanders we therefore decided to see if we could do something to prevent our beautiful old harbour from falling down and becoming completely silted up. We therefore began to talk to Clive Feigenbaum with a view to securing a lease over the harbour as a first stage in securing funding to carry out improvements. We hoped that in the longer term it might be possible to carry out a full scale renovation of the harbour.

During the period in which we were negotiating the harbour lease (1998-2001) it had become apparent to us through our dialogue with prospective funders for the Hall that public funding agencies were no longer keen to fund capital projects where communities held leases rather than owned property. We had broached the subject of purchase of the harbour with Clive Feigenbaum but at that time he was looking for an impossibly large amount of money. We decided therefore to seek a lease with a fifty year term as this would, we hoped, be more attractive to funding agencies rather than the more common twenty one year leases. In addition we had thoughts that this could be an important first step towards eventual purchase of the harbour.

The lease was eventually signed in the Autumn of 2001 with a fifty year term and a rental of £1 per annum. In addition we bought two plots of land each 20m by 20m for £1 each. One was for the refuse storage and recycling facility and the other was for the sewage treatment facility. This was a very favourable outcome , however , it had taken three years to negotiate with Clive Feigenbaum who was ably represented by a local solicitor and surveyor. At the last minute Clive Feigenbaum's solicitor inserted a 'clawback clause' into the lease. This stipulated that if we were unsuccessful in achieving significant improvements to the harbour within five years the lease would become void. This was not an unreasonable clause and it was difficult to object to it.

Following signature of the lease we engaged PJ Korbell , a marine consultant , to carry out a safety audit of the harbour and took out public liability insurance. We recognized that we needed to develop a management plan for the harbour and were fortunate in getting a great deal of advice and assistance from Dunbar Harbour Trust. Following consultations with boat owners and harbour users the Harbour Rules & Regulations were drawn up. The draft document was checked by P J Korbell and by our solicitors prior to being published and brought into effect during the Summer of 2002.

The next few months were dominated by the Hall construction which had commenced during the Summer of 2002 but early in 2003 we opened a dialogue with potential funding agencies for harbour improvements and also with the Scottish Land Fund (SLF) with a view to seeking funding to buy the

harbour. At this stage the discussions with SLF were inconclusive but early talks with a group of funders concerning harbour improvements were encouraging. The lead funding agency was AIE who as the Local Enterprise Company almost always occupy this position in a range of funding initiatives available to communities. Under the Community Economic Development Programme we were invited to submit a draft application with a budget indication of up to £100k.

Meetings with boat owners and advice from our marine consultant had led to a 'wish list' of interim improvements to the harbour being drawn up. All such funding programmes have deadlines and budgets are always uncertain from one year to the next and very little time was available to develop this project. The work was put out to tender, and a 'preferred contractor' was selected although no commitment was made at this stage. The tender amounts were used to evaluate the cost of the project. On receiving the draft application the funding agencies made a significant criticism. The 'wish list' contained nothing which could be regarded as 'economic development'. They suggested that it would only be possible for them to support our application if it gave rise to direct economic development to the extent that it would lead to the creation of at least two jobs.

It should be recognized that at this stage that we were very much aware of the clock of the clawback clause ticking in the background. It was now 2004. If this funding application was to fail we would be unlikely to be successful with another before the clawback clause deadline. If we refused to proceed with the application on the table on the grounds that we were unwilling to permit 'economic development' we were unlikely to be able to approach any of these funders again for similar projects. In addition the deadline for submitting the application was just around the corner.

Fortunately there was an answer to this problem at hand. Consultation had been carried out in 1997 indicating an overwhelming majority of Islanders in favour of a boat building/repair business being established. In addition interest in establishing such a business had been communicated to the Trust by a local businessman. We asked the funders how they would view the application if we indicated willingness to lease part of the harbour ( the Rush & Gush ) to facilitate the establishment of this business. They agreed that this would allow them to support the application but required proof in the form of a letter of intent from the interested individual indicating that there was a real will and serious intent to establish such a business.

With that hurdle overcome we breathed a sigh of relief having met the application deadline. Once again though the application returned to us for fine tuning. This time the funding agencies had decided that they were not happy to fund a pontoon and they reduced our budget to £70k. We were appalled at this because boat owners had indicated a strong desire for a pontoon. Of the range of interim improvements this was the one which would provide real benefit to small boat users. We communicated this to the funding agencies but they were firmly set against paying for a pontoon. As a last attempt we proposed that we would build the pontoon with voluntary labour but this was rejected. With only a couple of days before the deadline it was suggested that if we could present a really credible written proposal for a pontoon built by voluntary labour then it might be possible to include it. We held an emergency meeting with our engineer, he drew up a preliminary design and this allowed us to cost the materials and draw up the proposal. The application went in just before the deadline and it was determined in our favour. Most importantly we had secured the lease because we were now in a position to implement improvements which would prevent the clawback clause from operating.

It should be remembered that we still had no commitment from SLF to provide funding to buy the harbour although we had continued our negotiations with Clive Feigenbaum. Knowing that the claw back clause could not now operate was undoubtedly a decisive factor in allowing our negotiations to proceed to a desirable conclusion and we immediately began to make progress with the negotiations. When SLF learned that we were making progress they began to indicate support in principle for our purchase of the harbour. In principle they agreed to provide a funding package for 94% of the cost. This would leave us with 6% of the cost to provide ourselves.

The next hurdle was that our valuation surveyor had serious misgivings about providing a valuation of the harbour that would be high enough for Clive Feigenbaum to be interested in selling. He pointed out that the harbour itself could be viewed as more of a liability than an asset given its condition. In addition the surrounding land, which could not even be regarded as agricultural land would have a

very low value. We pointed out that this land would provide scope for development and allow us to provide business premises, workshops etc all of which would be needed for continued regeneration of the community. He agreed that if planning permission existed then such land would have a significantly higher value. We explained that we had consulted the planning authority and that they had agreed that development of the sort described would be considered favourably on this part of the island.

We also explained that SLF had indicated that we must get planning permission for any such developments prior to them finalizing our application. They had agreed to provide funds for an in depth public consultation as part of the process which would lead towards us achieving such planning consents. On this basis we prepared a first draft application and business plan, part of which included an indicative development. This first draft plan identified a significant amount of money (£14k) which would be used to pay for professional help in preparing consultation materials. This sum was based on fee estimates submitted by professional advisors. The indicative development was based on a 'wish list' drawn up as a result of questionnaires filled out by island businesses prior to the business consultation meeting held in November 2003. Our surveyor was able to use this indicative scheme as the basis of providing a valuation of the harbour and surrounding land of £160k.

We submitted this first draft application to SLF and arranged a meeting with them to discuss it. At this meeting they explained that they were going to relax the requirement whereby we had to have obtained planning consent for any planned developments and that they therefore were not at this stage prepared to pay for consultation materials. We were disturbed by this and told them so as this meant that we were going to be unable to undertake proper consultation with Islanders prior to the purchase. We pointed out that the community realised that a degree of development and regeneration was implicit in SLF funding the harbour purchase. If we were unable to carry out consultation about this and use such consultation to allow the community to define what degree of development was acceptable then there were bound to be misgivings within the community. SLF were insistent, however, that there should be a two stage process. The first being purchase of the harbour and the second being consultation leading to development /regeneration.

The meeting did have a positive conclusion. Providing we could reach agreement with Clive Feigenbaum to sell for the amount indicated by our valuation (£160k) they would provide 94% of the required funding. This along with legal and other costs associated with the purchase meant that the community would have to raise around £10,500 towards the cost of purchase. We now had a specific commitment from SLF.

Positive as this was it presented us with another significant hurdle. The SLF offer had a limited period. Raising this amount of money in the time available was going to be impossible. We went back to Clive Feigenbaum to see if we could convince him to drop his price. We set up a meeting where he attended with his surveyor and we attended with ours. Our surveyor argued that the real value was much lower. His argued that it was much higher. He wasn't prepared to drop below £160k. The argument went round in circles for hours.

Finally a possible solution presented itself. We had committed with the funders of the harbour improvements to facilitate the setting up of a boat building/repair business. That business would require premises in the form of a boatshed and workshop. Building on Easdale is an expensive proposition and it was unlikely that a business would invest the capital to build unless it owned the land on which the building stood. We suggested that Clive Feigenbaum retain a plot of land within the area we were buying as a site for such a building which he could then sell separately to the boat repair business. He agreed to this and dropped the purchase price to £140k. We were therefore able to buy the harbour and land worth £160k for £140k with the difference representing £20k of equity. This equity more than covered our 6% contribution towards the purchase.

With this final problem solved we submitted our final application to SLF and in due course this was approved. Our troubles were over or so we thought until another hurdle presented itself. It became apparent to us that the plan we had of the harbour area was inaccurate and that it could not form the basis of the title deed plan. Fortunately the interim improvements had included a digital survey of the harbour. This information was e.mailed to Adrian Laycock. The title search had revealed title plans showing the extent of neighbouring properties and Adrian was therefore able to produce an accurate

plan which did not encroach into any of these neighbouring properties and which now forms the basis of our title. Our part had now been done. Four sets of lawyers scrutinized the titles and all the related paperwork and the harbour finally became ours on 15th March 2005.

Ownership of the harbour is a significant milestone for the community. In today's funding climate this is an essential first step in securing funding for full restoration of the harbour. Although the road we have had to follow has been a tortuous one and it has taken us several years we have managed to buy the harbour with very few strings attached. Further development other than the commitments we have already made will only happen after consultation with Islanders.

In addition we have bought out the leases that Clive Feigenbaum had with the Council and are now the owners of the ferryshed and slipways. As well as producing income which will allow us to consolidate our financial position this will also allow us to work in partnership with the Council towards securing improvements to the ferry service.

Ownership of the harbour is therefore a very positive thing for the community but we must remember that along with ownership goes responsibility. There is little joy in allowing the harbour to fall down under our ownership rather than in someone else's. Ownership of the harbour is the beginning rather than the end of the process. I think we have made a good beginning and I am sure that as a community we will make the most of the opportunities available to us and rise to the challenges of the future.

Mike Mackenzie  
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