

## Budget Consultation Meeting

Wednesday, Oct 12, 2016, 2:30pm

Bryan Lambert, Concerned Cobourg Resident and Taxpayer.  
230 King St E

Thank you DM Henderson for the continuing improvements to the budget process.

Setting the budget finalization at December 2016 is a very positive step.

I also found the 2017 Capital budget presentation format, showing the 2016 items and their status: completed, in progress, deferred, cancelled quite useful and provided continuity for the 2017 capital budget.

I suggest that a fuller explanation of what happens to the funds attached to deferred and cancelled items would be helpful. Hopefully this can be done for the operating budget.

Identification and quantification of the various funding sources would be useful to help understand where the money is coming from.

For example:

**Grants:** source, typical amount, and what do they generally pay for. Received and applied in 2016, projected 2017

**Reserves:** Description, 2016 OB, 2016 item applied, projected 2016 closing balance

**Holdco Dividend and Northam,** 2016 OB, additions and application

In some cases "**expenses and payments**" are not immediately allocated to the appropriate reserve account, but are held in "suspense" accounts.

For example:

The **marina reserve account 2016 opening balance** is about \$280K. However, the new dockage installed in 2014, costing about \$290K has not been deducted from the reserve. Therefore the true balance is about \$-10K

**Transactions in "suspense"** should be identified as well as the likely allocation account and timing

In general, more information is always useful in understanding the need, purpose and priority of the budget line items.

Transparency fosters understanding and understanding fosters confidence.

### Now some comments on a specific topic: The Marina

#### Fully user funded?

The boaters, CAO and the Mayor have maintained for some time that the Marina operates as a self-sufficient business: fully funded by the users. On Wednesday, September 28 at the 2017 Preliminary Budget meeting, Councillor McCarthy asked if the Marina was fully user funded. The Mayor replied (paraphrased) *that since the marina expansion didn't go ahead, the Marina does not generate enough funds to cover its needs and therefore requires funding from the Town.*

This appears to be is a significant shift in policy and appears to have occurred without any discussion, debate or public consultation.

**Can you confirm that this is now Town policy?**

**The Travelift: \$645K.**

As indicated by Director Hustwick, \$45K will be applied to a consulting project to consolidate the various parks studies from the past several years.

Purchasing a Travelift for the marina is a totally non-viable, financially irresponsible project, as has been outlined to council by several prior delegations. Counter arguments or business case showing otherwise have not been presented to council.

In the October 2015 Boaters submission to the Parks & Recreation Advisory Committee proposed that \$627K be spent on a Travelift, Hydraulic trailer and lift well. This would be loan financed (8 years) with annual payments of \$95K. Travelift revenue less operating expensed was estimated to be \$77K. So right from the start there is an **\$18K shortfall**, or **\$144K** over the first 8 years.

Earlier this spring, about 45 boats were lifted in at the marina. The capacity of the winter storage area is about 70 boats. The Marina rents about 135-145 seasonal slips per season. Therefore 90-100 boats do not use the marina's boat lift and winter storage services.

Consider the following:

The travelift cost (budget) is \$600K. A 3% 10-year loan costs \$5794/month, \$69528/yr.

Assume operating cost for wages, insurance, maintenance, fuel etc is \$15K/year.

Therefore \$84,500/year is needed to service the 10yr loan.

On the revenue side, lift in-out for a 35' boat is \$550 (Whitby rates) ( $35 \times \$7.5 = \$275 \times 2 = \$550$ )

**154 boats would be needed to generate the \$84,500 needed to service a 10yr loan.**

This is 3.4 times the current number of boats launched in 2016.

Assuming 45 boats, the launch/haul-out fee would have to be \$1,878/boat to service the 10yr loan.

Safety was cited as a reason for needing a Travelift.

For me, this is a red herring. CYC members volunteer to help in order to save money

If volunteers can't do the work, The crane operator or Pursey's Yacht Portage can and do provide the staff needed to safely move the boats.

I watched several boats hauled out last fall (after the scheduled haul-out). A 4-man work crew and the boat captain did the work. The 4 guys did all of the work. The captain, who are legally responsible for his boats, provided direction as to the safe lift location on their boat and the proper location/position in the cradle.

I think that I have clearly demonstrated that the Travelift project is not financially viable and not a good business proposition for the marina or the Town.

I ask council to direct that the Travelift project be removed from the budget and not waste further time on it.

Thank you for your attention.