



Making Local Government Accountable

www.cobourgtaxpayers.ca and info@cobourgtaxpayers.ca

Enhancing Quality of Life in Cobourg

Town of Cobourg Waterfront User Needs Assessment and Detailed Design

Pre-charrette Session

Introduction

The Cobourg Taxpayers Association (CTA) was incorporated in 2015 as a not-for-profit organization.. We promote transparency, efficiency, accountability and workable fiscally responsible solutions to the municipal challenges facing our town.

Our mission statement is:

The CTA is a group of informed citizens shining a light on local government.

We would like to set the stage by telling you that the CTA has already done several presentations to council about the waterfront. Copies of these presentations are at the end of this document and additional information is available on our website at www.cobourgtaxpayers.ca .

During our time together, we would ask you to keep some concepts in the forefront at all times:

Wants versus Needs

In Cobourg, our experience has been that these words are often used interchangeably. We would like to be clear regarding the goal of this study; using the right words is essential. “Needs” are things such as shelter, food and clean water. It might be nice to have an enhanced waterfront; however, these are only “wants/nice to haves” rather than “needs”. Cobourg’s limited resources must be directed to the true needs of its residents. We ask that in your report, you provide a clear needs/wants definition and designation for each project.

Simple and Cost-effective Wants – Not grandiose

Further, we ask that your consulting solutions should be simple and cost-effective. A simple example using the East pier might serve to illustrate this point. Grandiose would be to design a huge glass gazebo at the end with a promenade leading up to it lined with period lighting, etc. Simple and cost-effective might be to add some benches, badly needed garbage cans and some square planters to make it look pretty and user-friendly.

Trailer Park

The CTA has never published a position on the Trailer Park. We have polled our directors and Advisory Committee and we all agree on two key points:

1. We are opposed to the area being used for a boutique hotel/spa
2. We believe that the waterfront belongs to the people of Cobourg. We strongly disagree with the current staff / Council thinking that appears to favour increasing tourism to “save” Cobourg. We have not seen any evidence that it will. In addition, we believe that efforts to develop waterfront commercial/retail will be in direct competition with existing Cobourg businesses. Most of us live here because we like small town life. Tourists bring crowds, traffic, noise, by-law infractions, and garbage. To add insult to injury, it is our tax dollars that pay for the required increases in police presence, by-law enforcement and garbage pick-up.

Financial Viability of the Marina

Over the years, there has been much discussion and debate on an issue that has been highly unpopular with the vast majority of Cobourg citizens. It's time to bring closure to any Marina expansion which most residents had concluded had happened on June 29, 2015 when Cobourg Council approved the following motion:

NOW THEREFORE BE IT RESOLVED THAT Council directs that any plans regarding expansion of boat slips at the Cobourg Marina, west of the Centre Pier cease effective immediately.

The West Harbour should be designated that any and all future usage be restricted to passive purposes such as, but not limited to, dragon boating, canoeing, kayaking, and junior sailing.

The number of transient slips should be reduced from 33% to slightly fewer than 5% (10 slips) of the total slips available. This will provide a greater certainty of revenue by improving the overall occupancy and decreasing employee costs since the rental of seasonal slips would be less labour intensive. Also, Cobourg residents should have first choice on seasonal slips and a higher price fee structure should apply for non-residents.

A Travelift to lift boats in and out of the water is not financially viable.

The focus should be on making the existing operation of the Marina more profitable by:

1. Increasing revenues through higher occupancy, higher slip fees, and higher markups on gas, beverage, and other sales items. The charges will still be competitive with other local marinas.
2. Reducing employee costs because of fewer transient slips
3. Negotiating lower bank service and credit card merchant fees.

Travelift, Expanded Boat Storage and Additional Dedicated Parking

A Travelift Service is not financially viable.

- The Travelift would benefit few of Cobourg's 19,000 residents. Instead, it would benefit less than 50 privileged people.
- The Travelift is a large, industrial-looking machine that would detract from our attractive harbour/marina view. Homeowners who paid premium prices for water views would especially be adversely affected.
- The boater's 2015 presentation indicates that \$90K in revenue is required to cover the operating costs and debt service. This provides only break-even with no provision for contingencies and the profit needed to fund future capital repairs
- To earn \$90K in revenue, 100 boats per season would have to be serviced. This is more than double the number of boats that were serviced in Cobourg in 2016.
- No financially viable business case has been presented in support of the Travelift
- The Travelift is a crane lifting large heavy objects. This would expose the Town to significant liability and related insurance costs in the case of accidents.
- We believe safety concerns, as cited by the boaters, are exaggerations. The crane company can and does provide staff as needed, for a fee.

Additional Boat Storage

- The current boat storage compound has capacity for about 70 boats. The space is under utilized as only about 50 were stored in 2016-17 season.
- Land availability for this expansion is problematic.
- The boater's presentation indicates that only 17 boats would use this additional space
- As with the travelift, a financially viable business plan has not been provided
- Local residents strongly oppose the expansion as evidenced by the previous 2015 opposition to the marina expansion into the west harbour.

Additional Parking:

- According to the boaters, it is a "major inconvenience" for the boaters to use the lot west of the marina, so the boaters have asked for an addition of 35 dedicated parking spots
- The boaters don't pay for parking
- Additional parking would result in more lost green space.

The true want seems to be for a "drop-off area" so the boaters can briefly park to load/unload their luggage/food/equipment/etc. Better dock trolleys may also help.

Summary:

- A boat lift service using a travelift is not financially viable.
- The current storage is not used to capacity, so expansion is not required
- The additional 35 dedicated parking spots are not needed.
- No business plans have been provided that indicated that **any** of the boater's proposals are financially viable.

The conclusion is that a travelift service, additional winter storage and additional dedicated parking would **all would require financial support from the Cobourg taxpayer**

The following pages are copies of material related to Cobourg's waterfront that was previously published by the Cobourg Taxpayers Association.

Travelift Disasters

The photos below are just two examples of what can happen if a Travelift is not properly maintained and operated by fully trained staff.



Positions of Elected Council Members

During the 2014 Municipal Election, candidates were asked the following question: "Would you support any expansion of the Marina if it includes new slips west of the central pier?" These are the responses upon which the voters relied to elect the new members of Council:

Mayor Gil Brocanier: The only harbour plan I will support is one that respects the needs all of the user groups and the public. **I will NOT support a plan that restricts or compromises the current user groups, and in fact I expect the plan report to provide enhancements to the user groups that will ensure they will continue to function for many years in the future.** At this point I cannot make additional comments as we do not yet have a plan to review, and I would be disappointed if at this point the electorate would expect me to make any other decisions on this most important area to the town of Cobourg. My management style has always required that I have full information before making decisions for our citizens. We have **ONE** opportunity to get it right and that is why I will be waiting until the report comes out before I make any further comments.

Deputy Mayor John Henderson: I am awaiting the report and recommendations from Shoreline Engineering Inc. regarding the harbour and marina lands. I believe their recommendations must certainly address the concerns of all stakeholders, including Walking Clubs, Survivor Thrivers, Cobourg Dragon Boat and Canoe Club, Willow Beach Field Naturalist and the Cobourg Yacht Club. Indirectly, this area also supports the United Way Campaign: Challenge the Dragon and other community events, such as the Cobourg Waterfront Festival. This report must reflect a multi-dimensional approach and be equitable in terms of how these harbour lands are to be used. It is a public area that needs to be celebrated by all Cobourg and Northumberland citizens. **If by chance the report's recommendation focuses primarily on the marina expansion, then I will not be able to support this recommendation.** I concur with Deputy Mayor Frost when he stated that the harbour lands are one of our remaining "gems" and we, as a Council, need to get it right.

Councillor Forest Rowden: **I would like to see the harbor stay the way it is now** and then all the groups including bird watchers and dragon boat users could enjoy the harbor the way it has been for many years, especially since the coal piles and oil tanks have gone. I can't support a plan that is too one sided.

Councillor Theresa Rickerby: **To date I have not received any information nor seen any plans that lead me to believe that an expansion into the west of the central pier is necessary or viable.** A balanced and sustainable approach to the marina is the key to success. It is imperative that public access to the water be retained for use by our community including non motorized water sports and other user groups.

Councillor Debra McCarthy: **I will not support the Phase II and III expansion of the Marina for 120 more slips** because the waterfront is the Town of Cobourg's most precious all season destination that must be protected as a natural environment for future generations. Year-round promotion of accessible activities for the public should be encouraged. The west harbour area provides a calmer setting for the dragon boat, canoe and sailing club members, activities which make the recreational use of the waterfront more financially accessible to the general public than boats requiring serviced slips.

Councillor Brian Darling: I think we all realize there is a need for improvements such as a handicap accessible dock and future infrastructure repairs just to name two. I am sure a plan can be brought forward that will allow for these improvements along with others. I am all for making the necessary changes and improvements **but I personally cannot in good conscience vote to allow expansion of boat slips west of the centre pier. The west basin should remain as close to its current condition as is possible.**

Councillor Larry Sherwin: I will only support a plan that has taken in all concerns. We need to update our infrastructure so we do not lose what has been built so far. We need to build a harbour for all users in and out of the water. This can be the jewel we all know it is but we all need to work together to create it and move forward.

Marina Boat Lift (*aka* The Travelift)

Travelift

The “boat lift” has three main components: travelift, travelift well and hydraulic yard trailer. Currently, launch and haul-out are done by the Cobourg Yacht Club (CYC) which rents a crane and a hydraulic boat moving trailer.

The boaters’ main objections to the current situation are:

- Everything is done on a specific weekend and they have no choice in the matter. With a travelift, the boats could be lifted in/out at any time. This is correct in part. The boaters have the option of hiring the crane for their preferred time and paying for it. The real concern in this is the cost; a lift for only one boat is expensive.
- The boaters/CYC safety concerns appear to be a convenient excuse. The CYC members work as a volunteer lift crew and many now find it physically difficult to do the work. There is also an injury concern. If volunteers cannot do the work the crane operator can and has provided helpers as needed.

Boaters’ Presentation: Parks and Rec Advisory Committee, October 2015

Boat lift, Storage and Parking:

1. The \$627K project could be financed at 4.5% for 8 years, requiring an annual loan payment of \$95K. Projected revenue is \$90K with operating expenses of \$13K, netting \$77K to service the debt.
2. An alternate scenario is presented with revenue of \$50K (assume net) and an 8-9 year loan repayment term.
3. The lift well is costed at \$110-\$150K.
4. Used equipment is suggested. A used travelift at \$60K is mentioned.
5. The storage compound would need to be enlarged at a cost of \$60K and is expected to generate \$10K in additional annual storage revenue.
6. The boaters state that an additional 35 exclusive use parking spots are needed.

CTA Concerns regarding the Boater’s presentation

The CTA has the following concerns with the boaters’ presentation:

The boaters’ presentation did not provide any analysis, business plan or *pro-forma* financial statements. In addition there are concerns specific to several of their points:

Item 1 of the boaters’ proposal:

- There is no discussion regarding the \$18K (\$90K - \$77K) shortfall and who will pay this.
- There is no indication how the \$90K revenue is achieved. At current Whitby Marina rates, lift-in-out for a 35’ boat would cost about \$900, thereby requiring 100 boats to generate the stated revenue. This is more than double the current situation.
- To break even (cover the \$18K shortfall) 118 boats would be needed. There is more than 2.5 times the current number of boats

- This plan provides nothing for contingency or even a modest profit to cover future capital repairs.
- Where will the additional boats (55 to 75) come from?

Item 2 of the boaters' proposal:

There is clearly an error in this item since the term for repaying a \$627K loan at \$50K per year is slightly less than 18 years rather than 8 or 9 years.

Items 3 and 4 of the boaters' proposal:

- No analysis or business plan.
- No indication of the refit cost for a used travelift. (There's a reason other than age for the low cost)
- No indication of the dis-assembly, assembly and transport costs
- No indication of the "crane" certification cost
- No indication of the hydraulic trailer cost

Item 5 of the boaters' proposal:

- There is no business plan for this, providing an indication of how the \$60K cost will be financed and how many additional boats could be stored.
- Current marina rates (\$595) suggest that 17 additional boats would be stored. There is no indication what would be done with the remaining 38 (55-17) to 58 (75-17) boats.

Item 6 of the boaters' proposal:

The boaters make no suggestion regarding who should pay for this. The presentation notes that the boaters do not pay for parking. The conclusion is that others (taxpayers) rather than the boaters should pay for the additional parking.

Current Situation: The CTA View

This past weekend (Apr 22) 36 boats (35 in 2016) were launched at the marina. About 15 boats, mainly large power boats, remained in storage and may be launched later (assume 10) using a hydraulic trailer. Whitby Marina, in contrast, lifts over 300 boats per season. The adjacent boat-works and yacht sales contribute to this high volume.

According to marina staff, there will be about 140 seasonal boat slips rented. The remaining 75 will be used for visiting boats. The maximum capacity of the winter storage area is 55-75 boats depending on who you ask. About 50 boats were winter stored in 2016-17. This means that about a third of the seasonal boats are winter stored at the marina and require lift-out/lift-in services.

Boat Lift:

- Assume the project cost is \$625K (cost estimates vary from \$625K to \$675K).
- Assume a 3% interest rate and a term of 10 to 15 years. The Boaters' 2015 presentation used an interest rate 4.5% which is possibly more realistic to finance a project of questionable viability.
- A loan at 3% and a 10-year amortization costs \$74,420/year. A 15 year loan at the same rate costs \$51,794/year.
- Assume operating costs for wages, insurance, maintenance, fuel etc are \$15K/year.
- Therefore, revenue of **\$87.4K/year** is needed to service the 10 year amortization loan. The 15 year loan requires **\$66.8K/yr**
- On the revenue side, launch and haul-out for a 35-foot boat is \$900 based on the Whitby Marina's rates.
- **97 boats would be required to generate the \$87.4K needed to service a 10 year amortization loan.** This is over twice the current number of boats launched in 2017. (36 actual +10? additional)
- 74 boats would be needed to provide the \$66.8K needed for the 15 year amortization loan. This is 1.6 times the number of boats launched in 2017
- Assuming 45 boats, the launch/haul-out fee would have to be \$1,943 per boat to service a 10 year loan or \$1,485/boat for a 15 year loan.
- There is no provision for contingency.
- There is no provision for a modest profit to pay for future capital repairs.

As a marina service product, **a travelift is not financially viable** in Cobourg.

Storage

- The travelift and the need for additional winter storage space go hand in hand.
- The boater's presentation does not indicate the capacity of the enlarged storage area.
- There is no business plan presented
- They estimate the cost at \$60K, but provide no indication as to who will pay this.
- The analysis above (Point 6, Item 2) indicates that only 17 boats would use the additional space

The current storage yard is **not used to capacity** and there is no business plan indicating what the need is nor how the extra "business" might be generated.

Parking

- The boaters' presentation indicated that 35 dedicated parking spots are needed for the boaters using the slips attached to the north wall.
- The primary reason given is that it is a "major inconvenience" that these boaters have to park in the lot west of the marina.
- The boaters do not pay for parking. We assume that parking is included in the slip rental fee.
- There is no indication if the marina pays the Town for the boaters' parking
- Once again, no business plan is provided
- The true need seems to be that a "drop-off area" is needed so the boaters can briefly park to load/unload their equipment and supplies. Better dock trolleys may also help.

Summary

- A boat lift service using a travelift is not financially viable.
- The current storage is not used to capacity, so expansion is not required
- An additional 35 dedicated parking spots are not needed.
- No business plans have been provided that indicated that **any** of the boaters' proposals are financially viable.

The conclusion is that a travelift service, additional winter storage and additional dedicated parking would **all require financial support from the Cobourg taxpayers and the benefits would accrue to a few boaters rather than to the average taxpayer.**



Cobourg Taxpayers Association

Making Local Government Accountable

Enhancing Quality of Life in Cobourg

**Proposal for Changes
to
Marina Policies**

Submission To
Town of Cobourg
Regular Council Meeting

February 1, 2016

<http://cobourgtaxpayers.ca/>

cta@cobourgtaxpayers.ca

Cobourg Taxpayers Association

The Cobourg Taxpayers Association (CTA) is a non-partisan provincially incorporated not-for profit organization.

Founded in September 2015, it is governed by a volunteer Board of Directors and its mandate is carried out with the assistance of an Advisory Committee.

The CTA believes that in order for Council to deliver good governance and tax value, it needs ongoing input and help from the community.

Our vision is *Making Local Government Accountable*.

Our mission is to gather and analyze information about town governance and report this information to Cobourg citizens. We will use our group's broad base of business skills and experience to help council and staff use best practices to discharge their duties in an accountable and transparent way.

Executive Summary

The Cobourg Taxpayers Association (CTA) believes that the Marina is a valuable asset to Cobourg. After considerable study, the CTA wishes to highlight a budget item which we feel is not essential and represents a very high cost. We also offer a financial plan for the Marina.

This unwarranted expenditure is listed in the Parks and Recreation Department Budget: as "Boat Handling Equip. & Compound Expansion". Essentially, this is a Travelift, haul-out slip and trailer to handle boat launch and haul-out at an estimated cost of \$687,000. No amounts are included for operator salary and benefits, operator training and maintenance of the equipment or possible dredging of the haul-out slip.

In addition to the information on the Travelift we have included an analysis of the fees and capacities of marinas in other nearby towns. The conclusion is that fees in Cobourg are lower than most competing communities so they could easily be raised to help ensure a sustainable facility.

Everyone in Cobourg, from the Town Council, to taxpayers and boaters all want the same thing: for the Marina to be financially responsible and self-sufficient.

The CTA, in the following study, has suggested a number of ways that this can be achieved. We feel confident that with the skill and co-operation of Councillors and staff directors this can be accomplished.

Background

The Town's CAO, Stephen Peacock, has stated the Marina is fully user pay. Is that a statement or a promise? Town residents, we believe, interpret that statement as an assurance.

Up until now, the Boaters have fully paid for their lifestyle at the Marina and have also paid for some extra Town assets. They have personally enjoyed a very nice Marina and the Town has enjoyed an attractive asset. This arrangement is currently a win-win.

However, in order to pay for up-coming expenses, the Marina is underfunded by approximately \$1 million. There are various estimates of this number, but the Marina Manager in September of 2015 estimated \$1.25 million. This underfunding has been many years in the making. The Marina Manager has stated the primary reason is inadequate user fees. We suggest, this is only part of the problem.

We are asking that a professional independent Reserve Fund Study on the Marina be done to accurately determine this underfunding and to provide options for recovery. In addition to assessing the funds required for operation and maintenance, the study should include an analysis of options to ensure that the Marina is completely self-funded. If the Marina is not responsible, all residents will be paying for it for years to come. We ask that until the Reserve Fund Study and funding analysis is completed that only essential spending be undertaken.

During the past 6 years user fees have increased by 38%, but they are still quite reasonably priced. However, in the past 3 years, salary costs have increased by 41%. This year the employee costs are approximately \$263,000 which is a large amount for seasonal responsibilities and is a significant part of the Marina funding problem.

Let's remind ourselves; the Marina is a wonderful Town asset and we all want it to continue to operate well without the need for additional public funding.

Travelift

The Cobourg Marina has always rented a mobile crane for annual lift-in and lift-out operations. The Ontario Place Marina and Whitby Yacht Club also use a rental crane. Their excellent safety programs improve efficiency and eliminate the cost of purchasing expensive equipment.

The proposed Travelift budget is \$687,000 and, if approved, would be added to the existing \$1 million funding shortfall. See Appendix A for additional details of Travelift design and operation. Some of the boaters have argued that adding a Travelift would provide Cobourg with a “Full Service Marina”. This is very far from the truth; for details of what constitutes a “Full Service Marina” see Appendix C. Since Cobourg has no “boat works facilities” this Travelift, apart from the occasional convenient lift-out, would only be used twice a year. If I owned a boat, would I want a Travelift? Yes! It would be convenient to arrange launch and haul-out to my own schedule. However this convenience would require a large increase in dock rates (as much as \$500 per year per slip rental to amortize the loan required to finance the Travelift) and a much larger storage yard on our waterfront so that boats can be moved at different times.

The Boat owners do not want to raise their dock rates nor do they want to have a professional Reserve Fund Study done to review their finances. (see Cobourg Marina Boat Owners Submission presented at the Parks and Recreation Committee meeting on October 21, 2015) Their 13 page report dealt with Travelift, dock security, storage yard and other issues but did not mention the essential Reserve Fund Study.

With a crane rental rather than an equipment purchase we save the maintenance and operator training costs, the storage of a large yellow structure on our waterfront and leave the waterfront shoreline unaltered by a haul-out slip that is typically 40 -feet long and at least 10 feet deep. We believe that for equipment that is used only twice a year renting when required is the obvious choice.

The CTA opposes the use of public money to support the lifestyle of yacht owners. We all enjoy the look of the Marina and it is a great Town asset. However, the vast majority of Cobourg’s taxpayers do not own a boat and would not benefit from purchasing a Travelift with public funds.

The Solution

The CTA believes that there are a number of important aspects to the solution of the problem of Marina finances. These include:

- Reduce Marina employee costs. A reduction in “labour intensive” transient activity will assist this reduction with little impact on seasonal boaters. Dealing with transient boaters requires significant time by staff for slip assignment, payment, dock set-up and other tasks. A reduction in transient slips will accomplish three things:
 1. Makes more docks available to Cobourg boaters
 2. Reduces staff requirements
 3. Increases Marina revenue since transient slips produce less revenue during the season due to vacancies
- Cancel all non-essential spending including the proposed new boat handling facility
- Eliminate the use of boater fees to fund non-Marina (Town) maintenance. For example, boater’s fees were recently used to repair the Division Street Pier sinkhole on the beach side of the pier. These repairs cost a total of \$75,000 over three years.
- Increase user fees by 3% annually for each of the next four years. Since slip demand is high the fee increase should not impact the number of slips rented. To confirm that slip rentals could be increased the CTA surveyed the costs of using other nearby marinas. The results of this survey are detailed in Appendix B.
- Increase the Marina’s profit margin on sales of gasoline, ice, drinks and other items. The current margin is low compared to other comparable marinas. In some cases the realized margins are even lower than in the Trailer Park.
- Commission an independent professional Reserve Fund Study and analysis of funding options for the Marina.
- Cancel the proposed Winter storage yard expansion (estimated cost savings of approximately \$60,000). This expansion is not warranted. The current storage yard is only about 80% utilized and the Cobourg Yacht Club (CYC) yard is only about 50% utilized.
- Spending on a Travelift for the Marina must not be considered as an option if it involves the use of public funds or Town borrowing which ultimately puts taxpayers at risk for repayment."

Appendix A: What is a Travelift?



Photograph by Riley Huntley

As seen from the above photograph, a Travelift is a mobile gantry whose sole purpose is to haul-out and launch boats from the water to their cradle, and visa-versa. Two strong slings are placed around the hull and the slings operate together to raise or lower the boat in a level position.

A Travelift is a very large, heavy and industrial looking machine that requires trained operators, periodic preventative maintenance and occasional significant repairs. These additional expenses must be added to the initial cost of a Travelift and do not appear to have been considered in the proposal.

The Travelift must have a matching haul-out slip, usually built of concrete, over which it operates. The width of this slip must be designed to the Travelift's wheel base. Large steel channels are fastened down on each side of the slip to provide a track for the wheels of the Travelift to ride along. This track is a safety feature but extreme operator care is still

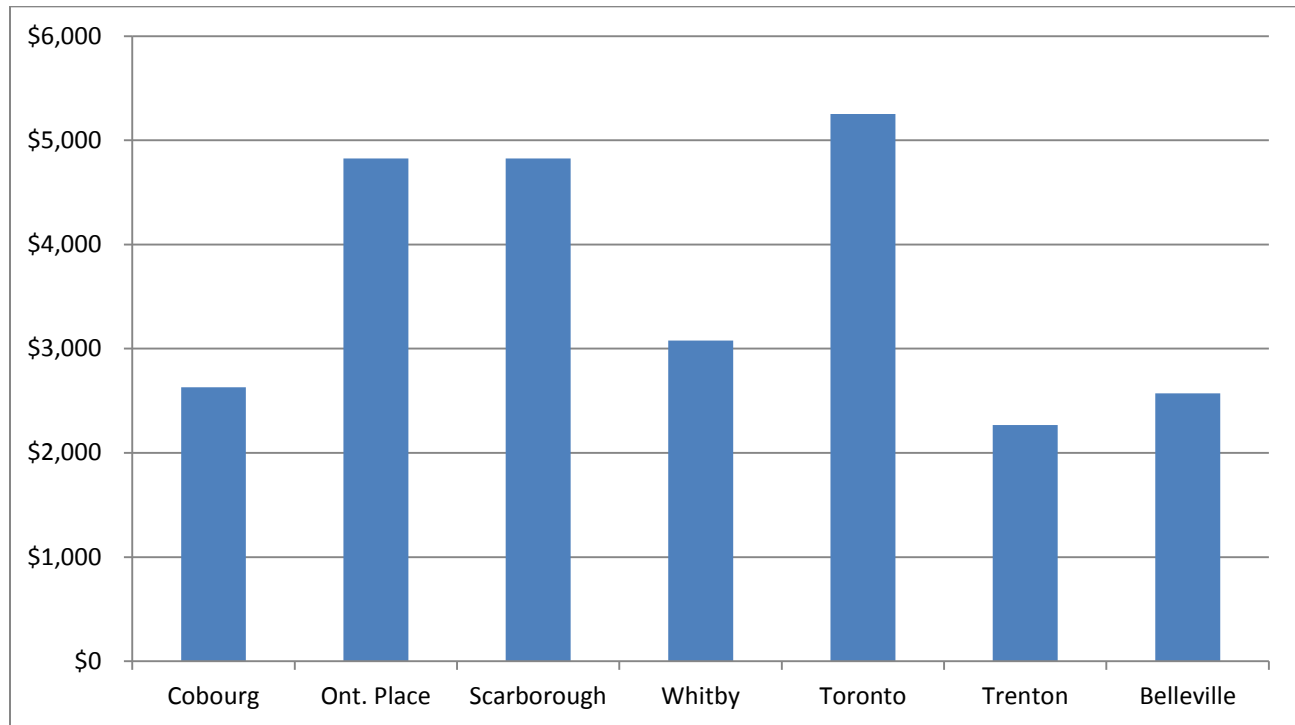
necessary. Haul-out slips are usually a minimum of 40 feet long and have a water depth of preferably 8-10 feet.

Travelifts have significant limitations when used to haul-out catamaran sailboats. For example, a 35-ton Travelift has insufficient width to handle more than a 30 ft. sailing catamaran; a crane would have to be used.

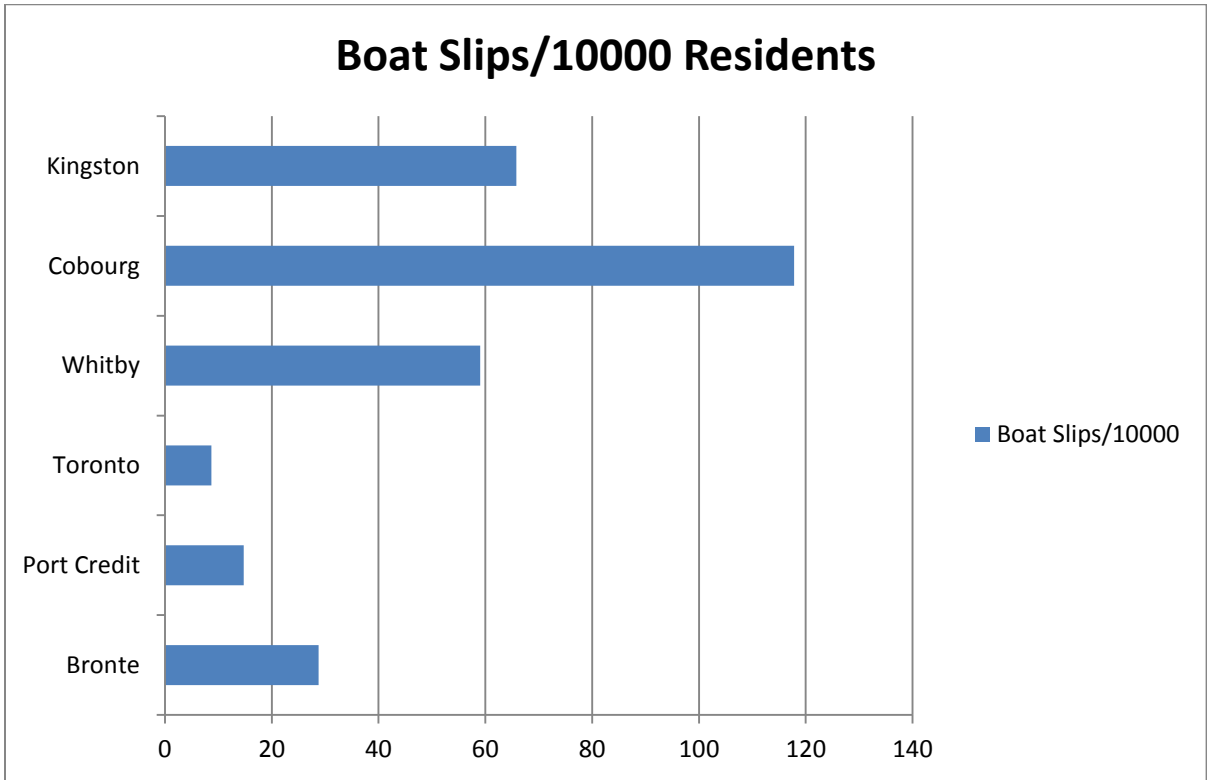
Since a Travelift cannot be disassembled for storage between uses, it will be a significant eyesore for all visitors to the Marina and for nearby property owners.

Appendix B: Marina Comparisons

Marina Cost Comparison (Slip rental cost for 35 foot boat)							
Marinas	Cobourg Marina	Ont. Place Marina	Scarborough Bluffers Marina	Whitby Marina	Toronto Outer Harbour	Trenton Trenton & Bay Marine	Belleville Meyer's & Crates
Winter Storage	\$530	\$1,674	\$1,674	\$873	\$1,674	\$700	\$840
Seasonal	\$2,100	\$3,150	\$3,150	\$2,205	\$3,577	\$1,568	\$1,731
TOTAL	\$2,630	\$4,824	\$4,824	\$3,078	\$5,251	\$2,268	\$2,570



Boat Slips per 10,000 Residents						
	Bronte	Port Credit	Toronto	Whitby	Cobourg	Kingston
Total Slips	525	1,050	2,280	720	218	770
Population	182,500	713,000	2,615,000	122,000	18,500	117,000
Boat Slips/10000	29	15	9	59	118	66



Appendix C: Explanation of Terms

There are two terms that are used when describing Marina's. The terms are "Full Service Marina" and "Working Marina".

A Full Service Marina is usually described as having all services that the average boater would expect and is willing to pay for. Visitors to a marina consider questions such as: Does the slip have enough electrical power for air conditioning or clothes dryers? Does each slip have water or is one water tap shared? If the Marina is ocean based, as opposed to inland waters, the demands are higher. A better definition should come from the boaters themselves. Some small boat owners only want a dock, that is, just a place to "park" their boat. Others may want internet access, water, dock-boxes, cable TV and 100 amps of power.

The second type of marina is a "Working Marina". That usually refers to the presence of boat building / refitting in the immediate area. These services can include woodworking, stainless and aluminium shops, painting, fibreglass works, canvas, marine electronics. Many of these shops use toxic chemicals such as strong solvents and epoxies. When a boat builder or boat refit shop locates in an area, other support services follow and you have a serious industrial boating centre. Examples of working marinas include Bronte Harbour, Port Credit and Whitby. Cobourg has none of these facilities, except a ship's store or chandlery.

A Solution for Ending the Debate

The Harbour

Submission By

Paul Pagnuelo

To

Town of Cobourg
Committee of the Whole
June 22, 2015 Meeting

The Author

My wife and I moved to Cobourg in the summer of 2009 and we are pleased and honoured to call Cobourg home.

I retired in 2008 following a distinguished 43 year career with Bank of Montreal.

My early years with BMO involved numerous branch positions and postings. I subsequently transferred into very diverse disciplines including divisional and credit administration, loan portfolio analysis, legislation and government, risk management policy and the Canadian payments system. From 1994 until my retirement, I was Senior Manager and Policy Advisor responsible for providing counsel to senior executives and through the Canadian Bankers Association and the Canadian Payments Association, negotiating strategic policy initiatives with financial institutions and government.

Following my retirement, I acted as a consultant and expert witness to one of Canada's leading business law firms, conducted detailed research and analysis and provided expert opinion, advice and recommendations on wire transfers and anti-money laundering practices and legislation involving a major international case.

After moving to Cobourg, I served for four year as a Director and Treasurer for a small Condominium Corporation in town.

From March 2009 until November 2012, I served as a Director and Treasurer for a large Homeowners Association in Florida and on the Board of Managers for its real estate brokerage subsidiary.

In the 1990s, I served in a voluntary capacity as the Ontario spokesperson for the Canadian Taxpayers Federation (CTF), Canada's largest non-partisan taxpayer advocacy group and until recently was a member of the CTF's board of directors.

In 1989 I was President of the Toronto-Peterborough-Havelock Passenger Association, we responded responsibly to the federal government's cancellation of VIA Rail service. We commissioned a feasibility study on establishing a private sector commuter rail network. The project was derailed when the Ontario government announced, the day before the positive results of our study were released, that it was extending GO service to four of the five proposed lines.

I received CTF's *Taxfighter of the Year Award* and am the proud recipient of the Queen's Jubilee Medal.

I ran unsuccessfully as a candidate for Cobourg's Deputy Mayor in the 2014 municipal election and am committed to do what I can as a citizen in rebuilding Cobourg's economic prosperity so it can be restored to the great community that it can be.

My wife Marilyn and I have been married for thirty-eight years and have two children. Daughter Stephanie lives in London and son Matthew in Calgary.

Introduction

Tonight Council will be discussing two items that relate to the policy issue of expanding the Marina into the West Harbour.

One is the Strategic Plan and the other is the motion that Councillor Rickerby has filed to be voted on.

The subject of the Marina expansion continues to be a controversial one.

Since November 2013, when staff first brought forward the proposal, there has been endless consultation, debate, user group meetings, delegations to Council, calls for a referendum, petitions and promised public meetings that have now been cancelled..

The filed motion to cease any plans of expanding the number of slips into the West Harbour until the end of 2016 simply means that Phases 2 and 3 are on hold until the Waterfront Advisory Committee has concluded its mandate of waterfront development, which includes not only the Marina Expansion project but other major issues involving the Trailer Park, the East Pier and the West Headland.

The various user groups have articulated their positions in detail, the general public has expressed its opposition and each of you have clearly stated what your position was during last year's election campaign.

It's fair to say that user groups and citizens who have spent the time, effort and energy in developing and conveying the reasons underlying their opposition feel their time has been wasted in light of the proposed temporary moratorium.

Strategic Plan

Action item 4.2 of the Strategic Plan that is before you this evening reads: "Complete and implement the Cobourg marina expansion plan".

However, Section 10 "Waterfront" of the accompanying report by Deputy Mayor Henderson on citizen feedback states Action Item 4.2 as being "Complete and implement the Waterfront Master Plan".

Which of the two is the correct version?

Reasons for Expansion

Three reasons were given by Marina Manager Paul Gauthier as to why Marina expansion is necessary:

- Address the shortage of recreational boating facilities in Cobourg.
- Provide a revenue stream required to support the anticipated \$1 million replacement cost of C, D & E docks within the next 15 years.

- Provide a critical customer base required to support a \$630,000 investment in boat handling equipment.

Observations and Recommendations

1. Shortage of Facilities

One can always argue there is a shortage of a commodity or service. We find that shortages of goods or services abound everywhere. That doesn't mean a supplier must always continue to increase supply. In some cases, it just isn't possible when dealing with a finite or limited resource. For example, most golf clubs have waiting lists.

Supply and demand are the most fundamental concepts of economics and it is the backbone of a market economy. Excess demand is created when the price is set below the equilibrium price. Because the price is so low, too many consumers want the good while producers are not making enough of it.

2. Transient vs. Seasonal Slips

Phase 1 saw the addition of 34 new slips bringing the total to 218. And with the recent re-alignment of transient vs. seasonal slips, the number of transient slips is now 73, resulting in a ratio of 33% transient and 67% seasonal.

The current waiting listing of 207 could be reduced by 63, if the number of transient slips was reduced to, say, 10 or just under 5% of the total available slips. Increasing the number of seasonal slips would provide greater certainty of revenue and it would improve the overall occupancy ratio. Reducing the number of transient slips should also decrease employee costs, as the rental of seasonal slips would be less labour intensive.

Increasing the ratio of seasonal slips would also produce a positive side benefit of increasing CYC's membership.

As American Express says – membership has its privileges.

Cobourg residents should have first choice on seasonal slips and a higher price fee structure should apply for non-residents.

On the matter of rental fees, a seasonal rental for a 35' boat on a serviced new dock would cost \$2,170. This compares to a seasonal waterfront lot in the Trailer Park renting at \$3,050.

3. Improving Revenues and Reducing Expenses

An examination of the Marina's actual revenue and expenses over the past six years indicates that expansion into the West Harbour is not necessary in order to ensure the Marina is self-sustaining.

Since 2009, seasonal and transient fees have grown by \$108,562 or 38%. Employee costs on the other hand have increased by \$90,338 or 52.4%. As a ratio of total seasonal and

transient fees, they have increased from 61% to 67%. Reducing these costs to 61% would yield an additional \$23,000 in annual reserve contributions.

According to the Financial Information Return, in the three years ending December 31, 2013, the number of Parks and Recreation seasonal employees has grown by 22 or 110% to 42 people. While the Return does not specify how many of these employees are assigned to the Marina, the reason for the increase as it may relate to Marina operations is an area worth exploring for further cost reductions.

Margins on consumable sales such as gasoline are also inconsistent. The markup on gas ranges from a low of 5.3% in 2011 to a high of 35.1% in 2013. A consistent markup of 20% in 2014 would have yielded \$15,126 more in profit and a transfer to reserves and at 25% an additional \$23,314.

The same holds true with beverage sales, where net income was only \$20 or a 1.3% markup in 2014 compared to \$990 or a 45.8% markup in 2011.

In contrast, the Trailer Park appears to have a profit markup of 120% on ice and firewood sales.

Bank service fees, largely credit card merchant fees, should also be negotiated down through competitive tendering with card processors.

4. Reserve Funds

The average contribution to reserves over the past six years has been almost \$74,000.

With strong financial management, there is no reason why the annual reserve contribution could not increase to \$120,000 or more, which would cover the \$1MM deck replacement cost in just over eight years.

5. Boat Handling Equipment

While the Marina's financial statements show revenues and expenses for lift-in and lift-out services, members of the CYC currently handle the process on behalf of the Marina and retain the lifting fees collected from the boaters. This represents approximately 15% of the CYC's operating revenue.

The benefit of a self-propelled travel lift and hydraulic trailer in place of a stationery crane and a hydraulic trailer combination is cited as being boat lift-out can be scheduled more effectively without needing to close off the East Pier twice yearly.

However, the \$630,000 purchase cost plus maintenance and repairs and staffing costs associated with the twice annual process is not cost justified. The need to expand the Marina into the West Harbour by 116 slips to secure the critical mass to support the investment is unfair and totally unacceptable to the existing users of the West Harbour and in itself is not reasonable justification.

Either the existing process of using a rented stationery crane and a hydraulic trailer combination should be maintained or the option of renting a self-propelled travel lift and hydraulic trailer should be explored. In both instances, the necessary personnel to assist in the process should be provided by the rental company or by Marina staff who should be fully trained and insured to perform such work.

6. Recommended Amendments to Councillor Rickerby's Motion

I would like to applaud Councillor Rickerby's initiative in bringing forward a motion to be discussed and voted on this evening.

However, rightly or wrongly, it's not hard to understand why an 18 month moratorium could be interpreted by the public as an attempt to simply postpone a predetermined outcome.

More information gathering and deliberation by the Waterfront Advisory Committee will not produce anything more than a repetition of what has already been said on the issue of expansion.

We have reached the point where Council has squandered far too much political capital on an issue that is highly unpopular with the vast majority of your constituents.

Political capital is finite and should not be spent poorly on things citizens don't want.

It's time to bring closure to the Marina proposal once and for all.

As the Marina's objective of being self-sustaining on both an operating and capital replacement basis can be achieved through a framework of strong financial management within its existing footprint, I would recommend that consideration be given to amending Councillor Rickerby's motion as follows.

WHEREAS the Cobourg Marina Expansion Operations and Facilities Study (Shoreplan Engineering Ltd. December 2014) and any amendments be received for information purposes; and

WHEREAS the Marina Manager be directed to implement a strong framework of fiscal management that will ensure the Marina's ability to be self-sustaining for both operating and capital replacement needs within its existing footprint.

WHEREAS the current Marina Expansion Steering Committee (Working Group) be dissolved.

WHEREAS any further plans or consideration regarding expansion of slips at the Cobourg Marina into the West Harbour cease effective immediately.

FURTHER THAT the mandate of the newly formed Waterfront Advisory Committee be amended to exclude Marina expansion into the West Harbour and that it develop a designation of the West Harbour that will ensure any and all future usage be restricted to passive purposes such as, but not limited to, dragon boating, canoeing, kayaking, and junior sailing.