



August 13, 2013

UPDATE to Council

The EDAT Waterfront Improvement Committee (WIC) recognizes that as a 'waterfront' community, boating is very important to Brockville:

- Economically by both: keeping local boaters here and attracting non local boaters;
- Providing 'quality of life' for those who choose to live here and those we are trying to attract to live here.

It is our belief that Brockville's waterfront assets should be integrated into one co-coordinated vision rather than long term decisions being made in piecemeal fashion.

What we are working on.....

The EDAT WIC has established a sub-committee to address "Public Docking". Currently, the committee is or will be working on four areas:

#1. The possibility of a new full service marina on the east side of Blockhouse Island. While we recognize that this issue was explored in 2003, we have taken heed of the recommendation of the consultant at that time which was that the issue should be revisited in future years due to improving technology. We will also consider possible additional docking at St. Lawrence Park for local seasonal boaters to satisfy local demand. **PENDING Work in Progress; We plan to have a report prepared for the 10 Year Capital Plan meeting in September 2013.**

#2. Review of St Lawrence Park (waterfront & docks only, not camping) and Brockville Islands. The review of St. Lawrence Park will be integrated into the overall vision of the entire waterfront including the downtown area. **PENDING Work in Progress;**

#3. Review of the municipal marina in Tunnel Bay. Currently our marina is not self sustaining. The Committee feels that the marina should not be tax subsidized. Comparisons to our immediate neighbouring communities, i.e. Prescott & Gananoque, indicate their municipal marinas operate at a surplus including an allowance for depreciation of docks. The Brockville Municipal Marina operates at a small surplus but not quite enough to include depreciation. This is in spite of the fact that Brockville municipal marina is the most expensive, i.e. \$61.50 per foot versus \$50.00 per foot in Gan & Prescott. We are hoping to be able to find some efficiencies to improve operations and overall sustainability.

#4. Review of the proposed 25 year Marina Operator Agreement with Fuller Marine Services/TSL.

At this time, we can only comment on Items #3 & #4.

ITEM #3. Review of the municipal marina in Tunnel Bay is a partial review. We will have more at a later date.

Recent Financial Information:

YEAR	BUDGETED	ACTUAL	Difference
2011	+\$43,085	+\$27,957	-\$15,128
2012	+\$40,195	+\$20,346	-\$19,849
2013	+\$16,970	??	??

Note:

- Currently, depreciation is not a budgeted item. When the docks have to be replaced, this cost is added to the tax base
- Included in revenues is \$15,348 rental income from Ernie Fox Quay; this revenue item is questionable this year and going forward.
- A large expense is 20% of gross revenues paid to Dept. of Fisheries and Oceans (exception – this is not paid on City owned waterlot Ernie Fox Quay).

Currently our municipal marina has:

- Transient - 10 boat slips PLUS along the seawall of Blockhouse Island.
- Seasonal - 59 boat slips in use; The waiting list is almost double at 58; Many more are not on the wait list and have moved elsewhere, i.e. Prescott, Rockport & Ivy Lea.. FYI - The Yacht Club has 23 motor boats with 10 more on their wait list.

Upon reviewing the information provided two things become very obvious:

#1. Although we have known this for many years, there is a need/demand for more docking available to the general public (local & non local)

#2. economies of scale are needed. More boat slips needed for municipal marina to be financially viable and self sustaining, without dependance on the taxpayers.

EXAMPLE: 50 more boat slips at an average of \$1,800 per slip would provide \$90,000 in gross revenue. Increase in operational expenses would be minimal since we already have the infrastructure in place. If we estimate an increase of \$20,000 in operational costs to maintain an additional 50 docks, would still be ahead \$70,000. This \$70,000 would provide funds for the eventual replacement of the docks for the entire marina, an expense otherwise being borne by the taxpayer.

NOTE: If we had these additional 50 boat slips we would still have a lengthy waiting list.

Item #4. Proposed 25 year Marina Operator Agreement with Fuller Marine Services/TSL

FINANCIALLY

The proposed Agreement ‘privatizes’ this City property, removes access from the taxpayer and general public, changes the use from docking to ‘docking with spa amenities’ (amenities appear to be a service not in demand). Based on the proposed formula of “20% of gross revenues after capital costs” (20% of docking fee portion only), revenue to the City will likely decrease from the \$15,348 rental income currently budgeted.

Without getting into all the details of the proposed Agreement, it's important to understand that for the past ten years the City has been leasing Ernie Fox Quay to a third party at a very reasonable rate, i.e. 2013 budgeted rental income is \$15,348. Although the rental income is moderate, the arrangement has provided a much needed service: docks available to the general public and at a competitive price.

EXAMPLE if all 50 docks are full from May 1st to Oct 31st (which is unlikely):

CURRENT REVENUE LEASE:

\$15,348

VERSUS

PROPOSED REVENUE: Gross profits, less depreciation, x 20%

Example: 50 docks x avg \$1,800 per dock = \$90,000 - \$23,600 = \$66,400 x 20% = **\$13,280**

- ❖ Example \$13,280 does not include property tax still to be paid by the City.
- ❖ Example includes TSL's depreciation cost, does not include 'interest' costs which are likely part of 'capital costs' as noted in the Agreement.
- ❖ If not full all season, City gets 20% of alot less, i.e. 20% of nothing is nothing. No risk to TSL.
- ❖ City of Brockville is taking on risk with no return while general public boaters losing access to a very valuable City owned asset.

NEED/ACCESS

On it's own property, TSL will have 70 boat slips available for TSL use. Ernie Fox Quay will have 50 boat slips of which 10 are to be available for transient docking = Total 120 boat slips; less the 10 transients = 110 for seasonal docking with first priority to TSL condo owners.

Phase 1 of TSL will eventually have a maximum 90 residential condo units available but right now only 71 are being completed and available for sale. With the eventual Phase 2 & 3 there are to be 150 residential units in total.

For the foreseeable future we are dealing with Phase 1's 71 condo units. We do not know how many have been sold to date but should at least be 50% or 60% of the 71 units. If we use the estimate of 55% sold, would be 39 units sold. Of these 39 units sold, not all will have boats. If 50% of condo owners need boats slips (that's the high side), would equal to approximately 20 boat slips needed by TSL. Why does TSL need 110 boat slips and why right now?

GAS DOCK

WIC questions the need for a gas dock in the Harbour or on Blockhouse Island for many reasons, two of which are:

- Our own "Downtown & Waterfront Master Plan" calls for Gilbert's to be the full service marina servicing downtown Brockville. Gilbert's is more than willing to supply this service.
- Currently, we are working on a possible new full service marina (Item #1) on the east side of Blockhouse Island. If we are successful, the ideal location for a second gas dock would be there. We recommend deferring the gas dock issue until we complete our work. To install a gas dock unnecessarily, in what could be a very controversial location, would be premature and we most certainly do not need three gas docks. If we are not successful, there may not even be a need for a second gas dock, i.e. not enough boats to warrant a second gas dock in such close proximity. Deferring the issue will also give all time to assess the need.

IN SUMMARY

- ❖ It is clearly evident that TSL does not NEED Ernie Fox Quay at least for the foreseeable future (until Phase 2 & 3).
- ❖ It is clearly evident that the people of Brockville NEED Ernie Fox Quay for both access to the river and for the revenues that it generates (i.e. \$90,000 annually).

RECOMMENDATIONS

- City of Brockville include Ernie Fox Quay in with municipal marina (Note: we don't have to pay DFO 20% of revenue from that City owned property)
- Profits be set aside in Reserves for future dock replacement first, then to offset deficits from operation of the Brockville Islands and St. Lawrence Park (2013 Budget deficit -\$97,000).
- TSL can still market their "*exclusive marina with amenities*" to the general public; can make available their "amenities" to interested boaters in municipal marina, could be purchased as a separate item directly from TSL.
- Ernie Fox Quay to be used primarily for 'local' seasonal boaters, transient and non-local boaters should primarily be in the inner harbour to better access showers and laundry facilities, eliminating need for showers & laundry facilities at Ernie Fox Quay. Washrooms for Ernie Fox Quay boaters can be addressed with a port-a-potty (of an upscale type) in Hardy Park if necessary.
- WIC continue working on feasibility of full service marina on east side Blockhouse Island and/or St Lawrence Park; In the meantime, the City defer proceeding with a gas dock within the harbour or on Blockhouse Island. During that time, we can also better access the need for a second gas dock.
- With 70 docks of their own, and with not all needed by Phase 1 condo owners, it is more than likely TSL will have excess docks. TSL's need for additional docking greatly depends on the future Phase 2 & 3. We recommend deferring the issue of Ernie Fox Quay until that time comes. In the meantime, we (WIC) will continue exploring additional docking elsewhere for the City's needs, i.e. east side Blockhouse Island or St. Lawrence Park. It may very well be that by the time TSL is ready, so will we be. Until then, it is not in the City's best interests to enter into this Agreement. There is no need to.

In closing, we urge you to consider all of the above. Our Committee would be happy to discuss with you further. As stated previously, we will be submitting another report in September 2013.

Sincerely,



Kevin Beattie
Chairman, EDAT Waterfront Improvement Committee