



---


**TO:** GENERAL COMMITTEE

**SUBJECT:** City of Barrie Marina Expansion

**PREPARED BY AND KEY CONTACT:** K. Bradley, Manager of Corporate Facilities, Ext. 4710

**SUBMITTED BY:** B. Roth, Director of Recreation Services 

**GENERAL MANAGER APPROVAL:** R. Forward, MBA, M.Sc., P.ENG, General Manager of Infrastructure & Growth Management 

**CHIEF ADMINISTRATIVE OFFICER APPROVAL:** CARLA LADD, CHIEF ADMINISTRATIVE OFFICER 

---

**RECOMMENDED MOTION**

1. That the Preferred Marina Plan completed by N. Barry Lyons Consultants Limited, in association with the Planning Partnership and W.F. Baird Coastal Engineers Ltd., dated October 2012 and as illustrated in Appendix A of the staff report be approved in concept to guide the future planning, expansion and operation of the Marina.
2. That the Guidelines for the Use of the Marina adopted by Motion 85-G-33 be amended to permit private operators to operate commercial charter activities within the Marina.
3. That staff be directed to issue a Request for Expression of Interest to investigate the market interest in leasing the Marina inclusive of its management, operation, and maintenance with staff to report back to General Committee by November 2013.
4. That staff be directed to issue a Request for Proposal for the provision of commercial sailing and fishing charters from the Commercial Priority Docking location as illustrated in Appendix A – Preferred Marina Plan of the staff report.

**PURPOSE & BACKGROUND**

**Report Overview**

5. The purpose of this staff report is to report on the feasibility of physical expansion of the Marina and to provide a summary of the key recommendations of the City of Barrie Waterfront Plan Update – Marina Analysis Report (see Appendix D) prepared by N. Barry Lyons Consultants Limited, in association with the Planning Partnership and W.F. Baird Coastal Engineers Ltd., dated October 2012 including the expanded Marina services, proposed rate increases, and new commercial partnership opportunities.

**Background**

6. In 1971, the full responsibility for the maintenance and operation of the Marina was re-assumed by the City of Barrie as per Council motion 71-C-26. Prior to 1971, the Marina was leased to a series of private marina operators who were responsible for the operating and maintenance costs with the City responsible for all capital investment and renewal.
7. In order to provide guidelines for the future development and operation of the Marina, Council in 1976, as per motion 76-P-274, mandated the following:

- a) The Marina become self-sustaining with all expansion and operation expenses recovered fully from revenues received from boating users.
  - b) That a Marina reserve be established that is funded solely from the excess Marina revenues for the future exclusive use in the provision of marine facilities in the City of Barrie.
8. A review of internal records indicates that the Marina has operated in accordance with the aforementioned motion, 76-P-274, funding all capital additions and improvements from 1976 to 2011 through Marina user rates. The total capital program for the Marina since 1976 totals \$3,618,584. This includes a 50% share of the \$2.25M waterfront boardwalk and sheet piling improvements in 2003.
  9. The Marina may access long-term debt financing where the cost of capital improvements exceeds the Marina reserve's current capacity or would otherwise deplete the reserve beyond safe operating levels. The Marina's ability to access debt is governed by the City's Financial Policies Framework. The repayment of debt and any financing charges related to Marina capital acquisitions is funded from the Marina reserve.
  10. The mandate for the Marina since 1971 has been for the provision of a seasonal service for Barrie residents for mid-sized boats (i.e. up to 35'). The Marina accommodates but is not currently focused on attracting transient boaters. Since 2000, the demand for Marina seasonal slips has exceeded the available supply. As a result, the Marina consistently generates positive annual earnings with no seasonal vacancies available. The combined small and large boat waiting list in May of 2013 is at 248 applications.
  11. In 1985, Council motion 85-G-33 confirmed that the mandate for the Marina is for seasonal boaters and gave clear direction that no commercial activities are permitted.
  12. The Marina provides limited amenities and tailored service allowing rates to be kept lower than other local marinas. On average the City marina fees are 20 to 40% lower than other local marinas. The Marina offers the basic services essential to the boater community including a gas dock, pump-out, boat launch, potable water, power and restroom/shower facilities. The Marina currently offers the following slips:
    - a) 300 seasonal boat slips that accommodate boats up to 30 feet
    - b) 26 seasonal boat slips that accommodate boats up to 35 feet
    - c) 16 serviced transient boat slips in the Marina basin that can accommodate boats up to 60'
    - d) 20 serviced transient boat slips at the Bayfield Dock that can accommodate boats up to 30'
    - e) 12 serviced transient boat slips at the Bayfield Dock that can accommodate boats up to 60'
  13. The Planning Partnership were engaged by the Engineering Department in 2011 to lead the development of the Waterfront & Marina Strategic Plan Update including the review of expansion alternatives and new commercial opportunities for the Marina that align with a proposed mandate to leverage the Marina to assist the enhance the vitality of the City Centre.
  14. The Waterfront & Marina Strategic Plan proceeded with the following objectives for the Marina:

- a) Service Expansion – to explore minor expansion of relatively inexpensive Marina service offerings to increase the appeal of the Marina to boaters including Wi-Fi, laundry facilities, and improved shower facilities.
  - b) Rate Increase – review the opportunity to raise rates based on current service offerings and the feasibility of an additional rate increase with the broader range of services and facility upgrades identified above.
  - c) Market Growth – the Marina has an opportunity to capitalize on the strength of existing boater demand by increasing the number of slips for both seasonal and transient marina users. A reconfiguration or expansion could also increase the Marina’s capacity to accommodate larger vessel demand.
  - d) Commercial Partnerships – A broad range of commercial opportunities will be examined out of an expanded marina facility and/or along the waterfront. Opportunities may include:
    - i) Sailing charters
    - ii) Fishing charters and bait sales
    - iii) Food services/restaurant/convenience
  - e) Spinoff Economic Impacts – The Marina has the opportunity to facilitate economic spinoff for the Barrie downtown including encouraging this growth through a potential partnership with Downtown Barrie.
15. Two Public Information Centres on the Waterfront and Marina Strategic Plan were conducted on June 26<sup>th</sup> and November 7<sup>th</sup>, 2012 to engage the community in the strategic options and plans for the waterfront & Marina.
16. In June 2012, staff report LTF003-12 was presented to Council. The purpose of this staff report was to report on the financial performance of the Marina and to describe the process for achieving full cost recovery on the operation, maintenance, and capital renewal/construction plans for the Marina under the current operating model. The staff report included as appendices, a Projected Statement of Operations and a Projected Statement of Cash Flows. These reports projected an operating surplus and positive reserve balance in each of the next 10yrs under the current operating model.

## **ANALYSIS**

### **Regional Marina Market Characteristics**

17. According to the National Marine Manufacturers Association (NMMA) Statistics, sales of recreational boats in 2011 were down 21% over 2010 and interviews conducted by NBLC with local retailers confirmed that sales were down through 2011 and into the 2012 boat show season.
18. While sales of new vessels are down, a survey conducted by NBLC of marinas within Lake Simcoe showed very little vacancy due to the limited supply of marina space, the costly and time consuming process of expanding marinas and the existing fleet is sufficient in size to maintain demand for the marina space that exists.

Local Marina Market

19. NBLC identifies that the Lake Simcoe boating market is home to approximately 45 yacht clubs and marinas with several thousand mooring spaces spanning from Orillia to Keswick, and from Barrie to Gamebridge. A market scan (refer to Appendix A of the NBLC Marina Analysis report) was conducted of the facilities that are closest and most competitive to Barrie.
20. Lake Simcoe as a boating area is bolstered by the presence of Trent Severn Waterway. The Trent-Severn Waterway's eastern and western accesses at Gamebridge and Lake Couchiching makes a stop at Barrie a side trip requiring an extra day of travel. This likely discourages some visitors but, in general, is a benefit to the Marina with boaters traversing the Trent Severn Waterway forming the main transient boater clients at the Marina.
21. No new marinas have been added within the local market area in recent years and coupled with a number of marinas adjusting their internal slip supply to meet the growing demand for dock larger vessel dock space has decreased the overall supply of marina slips as none of the Lake's marinas have expanded their overall footprints.
22. NBLC identifies on page 17 of their report other key findings generated through a review of the local marina marketplace including:
  - a) Boat sales are trending towards larger increasing the proportion of boaters who no longer trailer their boats due to size constraints fueling demand for seasonal slip space,
  - b) The demand for slips throughout most marinas on Lake Simcoe is strong with most marinas along the western edge of the lake surveyed throughout the course of this study operating at 100% capacity.

Analysis of the Current City of Barrie Marina Facilities

23. NBLC completed a SWOT analysis (strengths, weaknesses, opportunities and threats) as part of the study outlining the various characteristics which shape the Marina currently as well as the setting the stage for the strategic direction for the City's marina operations. The highlights of the SWOT from the NBLC report are included below:

Strengths

- a) Low cost – the Marina is highly appealing to mid-market boaters offering only essential boater services.
- b) Annual surplus – The Marina operates consistently with no seasonal vacancy and generates positive annual earnings.
- c) Proximity to downtown services – The Marina is located within walking distance to downtown allowing relatively convenient access to a variety of services and shopping opportunities.
- d) Good dock infrastructure – Ongoing marina facility improvements have improved the Marina's appeal to boaters and presents a positive image along the waterfront.
- e) Good management – Through our discussions with other operators and boater surveys, management is described as being highly experienced, knowledgeable and responsive to boater needs.

Weaknesses

- f) Limited Trent-Severn traffic – The Marina's distance (42 km) away from the entrance to the Trent-Severn Waterway limits the Marina's exposure to transient traffic. Consistent with historical results, NBLC has assumed 60% occupancy of the transient slips in their financial model. Up to a 10% variance (+/- \$26K) is reasonable in any given year. Such a variance would not cause the City to incur or save any significant amount of operating costs.
- g) Marina facilities - The Marina's showers and washrooms are in need of updating and should be accessible to boaters (especially transients) 24-hours per day and the Marina administration building is a tight space housing an office, showers/ restrooms and utilities and presents an unfavourable image towards transient visitors.
- h) Limited boater amenities – Unlike many competitive marinas on Lake Simcoe the Marina does not offer lockers, laundry, Wi-Fi, cable, or club house facilities to its clients.
- i) Lack of parking – Heavy use of the waterfront on weekends limits boater accessibility to parking in peak periods. Road realignment will further reduce parking going forward.

Opportunities

- j) City of Barrie Marina seasonal slip rates are typically 20% to 40% less expensive than the rates at other nearby Lake Simcoe marinas which offers the potential to consider rate increases.
- k) Launch and pump-out fees – Currently only non-Barrie residents are charged to use the City's boat launch and for other services like pump-outs and mast stepping. Charging all users would add a potentially significant new revenue stream for the Marina.
- l) Service expansion – some expansion to marina service offerings would further increase the appeal of the Marina, relatively inexpensive offerings could include offering laundry facilities and Wi-Fi.
- m) Economic impact – Transient boaters can generate a significant economic benefit to surrounding businesses and services.
- n) Commercial opportunities – A broad range of commercial opportunities including sailing and fishing charters could be supported out of the Marina.
- o) Gateway to Barrie – the Marina acts as an additional gateway to the City Centre from a transient boater perspective and presents an opportunity to provide visitor information with Marina staff also acting as City ambassadors.

Threats

- p) Access to capital – Expanding the Marina's physical infrastructure and service offerings would require access to capital in order to finance improvements.
- q) Resistance from current seasonal slip users – There is a general resistance from the Marina's current seasonal lessees to pay for increased levels of service.
- r) Market growth – The imminent redevelopment of Big Bay point could add additional boat slips into the marketplace and has the potential to satisfy some of the excess demand not currently being served by the City of Barrie Marina.

24. NBLC summarizes in its report that the City of Barrie Marina is a well run facility that enjoys strong demand, a high approval rating from its patrons, and an annual operating revenue surplus with the current operating model providing a positive net cash flow to the City. Furthermore, it is estimated that current transient traffic contributes about \$137,700 to \$204,000 in direct spending to the local economy.
25. While a number of yacht clubs offer exclusivity and specialized programming, public marinas such as the City of Barrie Marina serve the middle of the market, offering better affordability, a broader mix of boats and a wider range of socio-economic groups.

#### Marina Expansion Alternatives

26. As part of the Marina study, NBLC and W.F. Baird Coastal Engineers Ltd. (Baird) developed five conceptual alternatives (Refer to Marina Analysis Report - Appendix B) that explored modest to very large expansion plans with each concept requiring the expansion of the breakwater infrastructure.
27. The five alternatives proposed a range of increase in the total slips from 441 to 771 using two distinct approaches: (1) a rubblemound breakwater system and (2) floating breakwater system.
28. In May of 2012, Baird conducted a coastal assessment to support the development of the conceptual Marina expansion alternatives including the capital cost of the proposed breakwaters, piers, docks, and shoreline treatments for each of the five alternatives. The coastal assessment by Baird was completed iteratively with the financial analysis of NBLC.
29. It was concluded by NBLC and Baird that all five of the major expansion options were either technically and/or financially not viable with the final NLBC report including the following key conclusions:
  - a) Expansion alternatives that incorporate rubblemound breakwall construction (the 1996 Alternative as well as Alternatives C and D) inflate construction costs to a point beyond what is reasonable from a financial position. Each of these scenarios would result in a negative net operating position.
  - b) Options C and D also involved major slip growth and high expansion costs that would be excessively risky from both a market and a capital investment perspective, with very significant land requirements for parking.
  - c) From a market perspective, there is likely enough demand to support the potential growth (in terms of number of slips) illustrated in the 1996 Alternative and Alternatives A and B. However, like Alternatives C and D, significantly higher construction costs in the 1996 Alternative would put the Marina in a negative operating position.
  - d) Alternatives A and B likely represent the best options for expansion at the Marina and showed good financial results based on the preliminary cost estimates. However, the floating breakwater technology available in the market today was judged by Baird to be inadequate to properly protect the inner basin from the local hydraulic (i.e. wind and wave) conditions.
  - e) Each potential alternative would require that the Marina have access to funds for financing and/or the ability to finance expansion costs. The repayment of debt and any financing charges related to Marina capital acquisitions is funded from the Marina reserve.



Recommended Alternative

30. The Preferred Marina Plan (refer to Appendix A) is comprised of two phases that includes the expansion and improvement of facilities. The plan was developed based on the technical, financial, market, SWOT analyses and input from staff and includes:
- a) Expansion of Transient Slips - The preferred plan includes an additional 34 transient slips in the Bayfield Street basin requiring the removal of the existing concrete government dock and the construction of a floating dock and finger pier system. The preliminary estimates of the capital cost for the improvements are estimated at \$318,000.
  - b) Priority Docking For commercial/Charter Boats - The preferred plan envisions the phased reallocation of a portion of (16) existing transient slips within the Marina basin at 'L' dock to commercial charter operations. To be conservative NBLC have not projected any revenue from these potential services as part of their financial analysis.
  - c) New Marina Building and Service Improvements - the planned realignment of Lakeshore Drive westward will create new parking and boat storage areas that will immediately improve access to the Marina and resolve a key patron issue. The new Marina building proposed immediately adjacent to the gas dock with its new washrooms and showers will be a major improvement to the services offered to both Marina patrons, commercial charter patrons, and the general public. This building could also be designed to accommodate a commercial concession that could offer supplies, snacks and other convenience items specific to boaters.
  - d) Rate Increases and New User Fees - The City of Barrie Marina charges rates for seasonal slip usage that are less than all of the other competitive marina rates on the western edge of Lake Simcoe. NBLC believes that with the proposed service improvements there is an opportunity to adjust rates upwards without impacting boater demand. To this end, NBLC modeled a seasonal slip increase in the order of 15%, to \$74 L.O.A., or based on a 23' average boat length, a rate of \$1,700 per season, per slip (up from \$1,550 currently). NBLC also modeled the user fees for boat launches and pump-outs and estimate a \$10 rate per launch applied to all boat launches in each growth scenario as well as a \$10 charge for pump-outs. The boat launch fees could be instituted through a payment for parking a car and trailer.

Alternative Operational Approaches

31. As part of the Marina study, NBLC analyzed four management models (public-private partnership, sale of the Marina, arms length agency, and the current public operation) to evaluate how best the Marina should be operated to manage growth and service offerings, control decision-making, ensure financial sustainability, support of wider City initiatives with respect to the City Centre, and to control its strategic location within the a central waterfront.
32. NBLC recommends that the City maintain public ownership and operation of the Marina based on the following:
- a) In its current form the Marina generates positive annual earnings operating with full-cost recovery including capital improvements and provides positive net benefits to the City as a whole and several opportunities exist to leverage this to a greater degree in the future.
  - b) Several potential conflicts with private operation or ownership are likely to arise given the fact that the principles/interests between the City and a private operator may not align.
  - c) Maintaining public ownership also means that the City can develop a comprehensive strategy for the waterfront which includes the Marina as a public asset where investments

in the Marina and its infrastructure benefit all local residents. The investments in waterfront infrastructure made by the Marina to date, such as shoreline and pier improvements, waterfront lighting improvements and landscaping, have benefited not just boaters but all of the City's residents and visiting waterfront users.

- d) Public operation of the Marina presents an opportunity for visitor spending to be directed towards the City Centre with the Marina working in partnership with Downtown Barrie.

33. It was concluded by NBLC that the benefits, such as a fixed payment or reduced maintenance costs, of the three alternative management models do not offset the risks and challenges for the City including:

- a) Private operator's core principle would be purely economic with strong motivation to turn a profit translating into increases in Marina transient and seasonal service rates to market rents or above.
- b) The operator would be incentivized to capture the economic spinoffs within the Marina itself and not in the City Centre to ensure the financial viability of the Marina operation.
- c) The City would relinquish part or full control of a strategic public asset.
- d) NBLC's market experience with similar arrangements has shown that private operators tend to defer major maintenance projects returning the asset to the owner at the end of the lease in a deteriorated state with the owner then incurring significant costs for major items such as dock replacements.
- e) The sale or lease of the City's marina to a private operator would likely create a significant shift in the look and feel of the Marina operation negatively impacting the City brand and image.
- f) An arm's length agency to run the Marina in isolation of the Waterfront would be inefficient. If a separate administration for the Marina and Waterfront were created it would require additional resources which are currently provided by the City. The Marina is one of a small number of revenue generating facilities on the waterfront and the revenues from the Marina would be needed to cover the operation of the agency in the absence of significant new waterfront concessions or the sale of waterfront land for private redevelopment.
- g) In addition, a private sector operator would encounter additional expenses which would erode the profitability of the Marina including property tax, income tax, and the fee payable to the City.

34. Notwithstanding the aforementioned recommendations by NBLC, senior staff believes there is potential increased financial value to the City through leasing the Marina to a private operator. To test the market interest and high-level viability of a lease option, a Request for Expression of Interest (RFEI) would be issued to the market for the management, operation, and maintenance of the Marina.

35. In a leased operation, the Marina would remain in City ownership with the City responsible for the capital investment for the Phase 1 expansion of the Marina if approved in a future capital budget and the renewal of City owned Marina assets. The cost of the capital works and renewal would be recovered through the lease payments to the City.



Additional Recommendations

36. It is recommended that the Marina phase the implementation of a 15% increase in slip rates with the service improvements proposed and that the City charge all users a nominal fee for boat launches and other boater services. Given that current rates are less expensive than many other competitive marinas, these increases will have a minimal effect on demand.
37. The expansion of marina facilities should be focused towards increasing the capacity for transient boaters through physical improvements to Government Dock along with a focused operational strategy that manages the docks and cross promotes with the Downtown BIA.
38. Improvements to the dockwall east of the new transient docks should be phased in once the transient docks are completed and occupied and the future of the Sea Cadets property is resolved.

ENVIRONMENTAL MATTERS

39. The removal of the concrete dock in the transient basin at the foot of Bayfield Street will require permits as per the Fisheries Act with respect to the harmful alteration, destruction, impacts on fisheries and fish habitat.

ALTERNATIVES

40. The following alternatives are available to the General Committee in regard to this report:

Alternative #1

General Committee could recommend that the Marina continue to operate under its current model including full cost recovery without expansion of the facility.

Based upon Council's strategic objective to create a vibrant and healthy city centre with stronger connections between the downtown and waterfront this alternative is not recommended.

Alternative #2

General Committee could recommend that the Marina only implement the priority docking for commercial use at no cost to the City in the Marina basin deferring all expansion plans to a future year.

This alternative is not recommended without the construction of the new facility to provide the required support space and amenities for the potential business partners.

FINANCIAL

41. The relevant financial analyses for this report were performed by NBLC as part of the City of Barrie Waterfront Plan – Marina Analysis report completed by NBLC and Baird for the City of Barrie (APPENDIX D). The NBLC analysis makes several broad assumptions with respect to capital and operating costs in their pro-forma financial information presented in (APPENDIX C). These assessments are made without the benefit of detailed studies such as engineering design work. However, they have been taken as reasonably accurate for the purpose of this report.

42. The NBLC and Baird study examined five major expansion options which ultimately were concluded to be either technically and/or financially unviable. The remaining alternative ("Preferred Marina Plan") and recommended operating model includes a minor expansion and improvements to current marina facilities. The capital and operating implications of this model are discussed below.

Capital Budget Implications

43. The Preferred Marina Plan is divided into two phases. The estimated capital outlay for Phase 1 is \$1,488,000. NBLC's report shows these assets coming online in 2014. However, City staff expect full implementation would not occur until 2015. The table below documents anticipated time-table for the project:

	2014	2015	Total
Removal of Government Dock	98,000		
Construction of new Transient Slips	220,000		
Boat Launch Pay Station	20,000		
Marina Building (design)	150,000		
Marina Building (construction & fit-up)		1,000,000	
<b>Total</b>	<b>488,000</b>	<b>1,000,000</b>	<b>1,488,000</b>

44. Phase 2 includes the construction of a new Commercial Dock and Dock Wall at an estimated capital cost of \$1.78M. NBLC's report does not specify when Phase 2 will be initiated.
45. NBLC assumed the full amount of \$1,488,000 required for Phase 1 would require debt financing to be issued in 2014. The rationale for this decision being the Marina reserve does not have adequate funds available to satisfy the initial capital outlay. NBLC further assumed a term of seven years at a rate of 5% and that payments would be charged to the Marina reserve.
46. Regarding debt financing; NBLC's assumptions generally appear reasonable. However, staff note the rate of interest assumed by NBLC is ~1.5% higher than the City's current rate of borrowing and that debt would likely not be issued until 2016 given the expected change to the project time-table. Finally, staff would also seek to responsibly balance funding directly from the Marina reserve and debt financing in order to minimize financing costs while maintaining a sufficient contingency fund.
47. The \$1,488,000 increase in committed debt financing would represent an estimated 0.33% increase in the utilization of the 2013 Annual Debt Repayment Limit as calculated by the Province. This will bring the committed debt capacity to 55.33%.
48. The 2013 Capital Plan as approved by council includes \$45K for the expansion of washroom and shower facilities. This project will become redundant if council chooses to adopt the Preferred Marina Plan and will be eliminated with committed funds released back to the Marina reserve.
49. In addition, the 2013 Capital Plan includes \$45K for upgrades to the electronic gate access points. This project is not included in NBLC's report but will proceed regardless of whether the Preferred Marina Plan is adopted.
50. Finally, the NBCL report does not identify the expected lifecycle repair/replacement of docks anticipated to cost \$100,000 in 2014 and \$360,000 in 2020.

Operating Budget Implications

51. NBLC's pro-forma financial information projects positive net income and cash flow from operations in each of the next 10 years under the Preferred Marina Plan (APPENDIX C). This means the Marina is expected to continue operating as a self-sustaining operation.
52. The projected results are contingent on a set of recommended actions and key assumptions.

Recommended Actions

53. NBLC's report makes the following operational recommendations in order to implement the Preferred Marina Plan:

Rates

15% increase on Seasonal Slip rentals

Fees

New \$10/use fee for all Launch Ramp users at Marina and Tiffin launches  
New \$10/use fee for all Pump-outs

Staffing

Two additional summer staff to accommodate expanded service

54. Regarding Seasonal Slip Rates, NBLC's report notes:  

"...the City of Barrie Marina charges rates for seasonal slip usage that are less than all other competitive marina rates on the western edge of Lake Simcoe. We believe that with the proposed service improvements, there is an opportunity to adjust rates upwards without impacting boater demand"
55. The NBLC report recommends increasing Seasonal Slip rental rates by 15% in the first year. However, City staff recommend phasing in the 15% increase over a period of 3 years beginning with the 2014 boating season. Following staff's recommendation would result in the full 15% increase coming into effect in the same fiscal year as the new debt would come online.
56. Finally, NBLC's report assumes a charge for the use of the Marina mast stepper. However, it is not specific about what that charge should be. City staff propose a \$25 fee for this service. This nominal fee is estimated to be sufficient to cover the operational and lifecycle costs of the equipment.
57. All of the above noted fee changes will be presented to council for approval through the 2014 Business Plan process and 2014 Rates Schedule.

Key Assumptions

58. Additional key assumptions supporting NBLC's pro-forma financial information:
  - a) 60% occupancy of 36 new transient slips during boating season starting 2014,
  - b) 25 additional winter storage tenants starting winter 2013,

- c) After increasing proportionally for expansion, revenue & expenditures will escalate 1.5% annually for the next 10yrs. Excluding;
- i) Payroll (assumed 3% escalation)
  - ii) Fuel (assumed escalation in proportion to slip rental)

**MARINA RESERVE**

59. The table below summarizes major contributors to the Marina reserve balance over the next 10 years using the pro-forma financial information from NBLC's report and certain key items City staff are aware of that were not included in NBLC's report. During this period, there should be no point where the Marina reserve falls below zero or is inadequate to address non-catastrophic emergency repairs (e.g. 2012 emergency dock replacement).

<b>Description</b>	<b>Amount</b>	<b>Year</b>
Opening Balance @ Jan. 1, 2013	445,000	N/a
Budgeted 2013 operating surplus	158,000	2013
Electronic gate access points	(45,000)	2013
Heritage Park dock repairs	(100,000)	2014
Pro-forma 2014 > 2022 surplus	3,341,266	2014 to 2022
Phase 1 - debt servicing	(1,800,092)	2016 to 2022
Lifecycle dock replacement	(360,000)	2022
<b>Ending balance</b>	<b>1,639,174</b>	

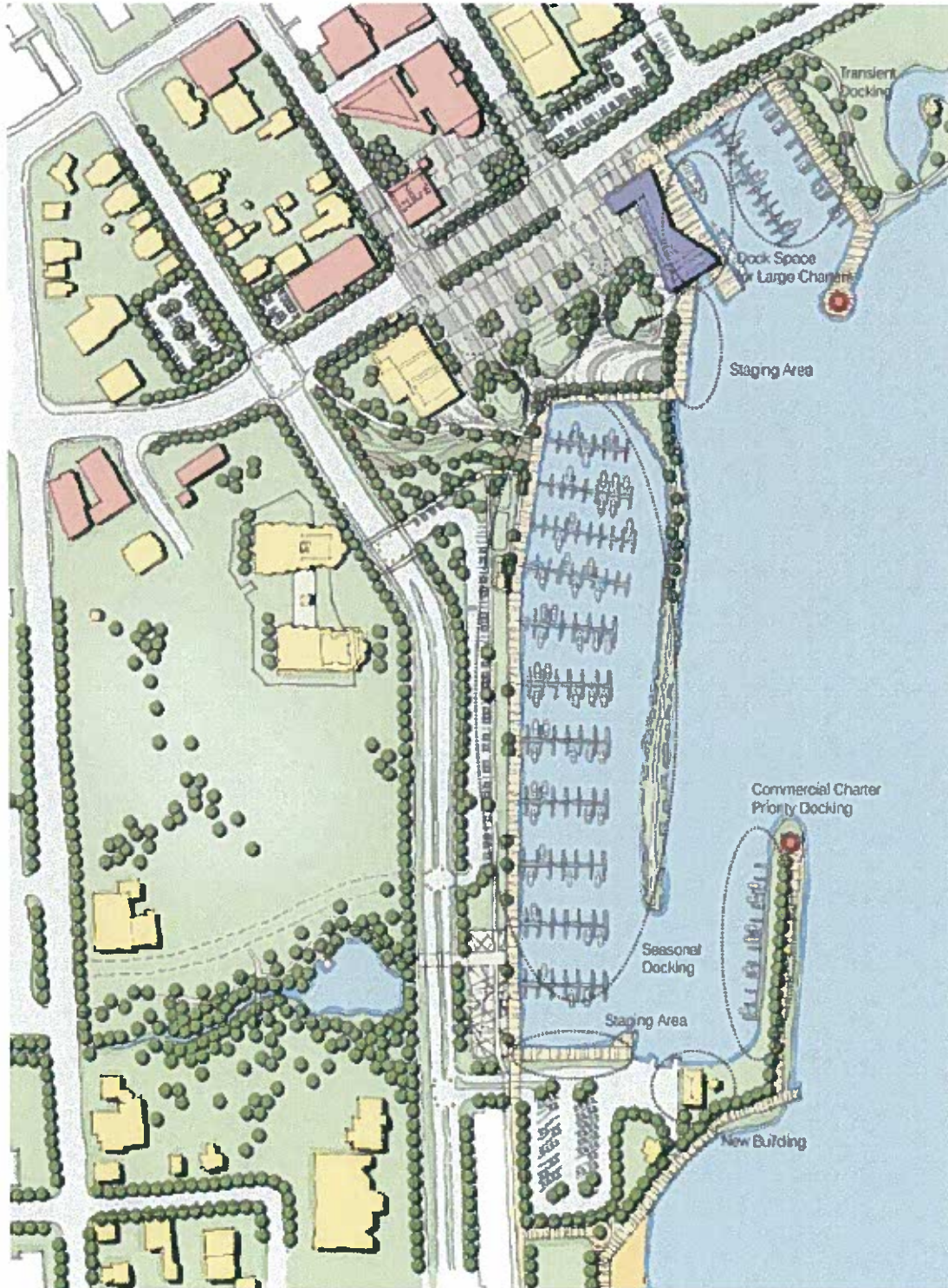
60. Beyond 2022, staff have planned for additional dock replacements estimated to cost \$450,000. In addition, staff anticipate incurring costs for dredging, shoreline stabilization, shoreline restoration, and specialized equipment repair/replacement which are not contemplated in the model. The cost for these additional activities has not been estimated at this time and the Marina Reserve must be adequate to meet these financial obligations as they occur.

**LINKAGE TO 2010 – 2014 COUNCIL STRATEGIC PLAN**

61. The information included in this Staff Report is not specifically related to the goals identified in the 2010-2014 City Council Strategic Plan. However, the report to General Committee will respond to City Council's priorities of Strengthen Barrie's Financial Condition, and Create a Vibrant and Healthy City Centre.



**Appendix 'A' – Preferred Marina Plan**



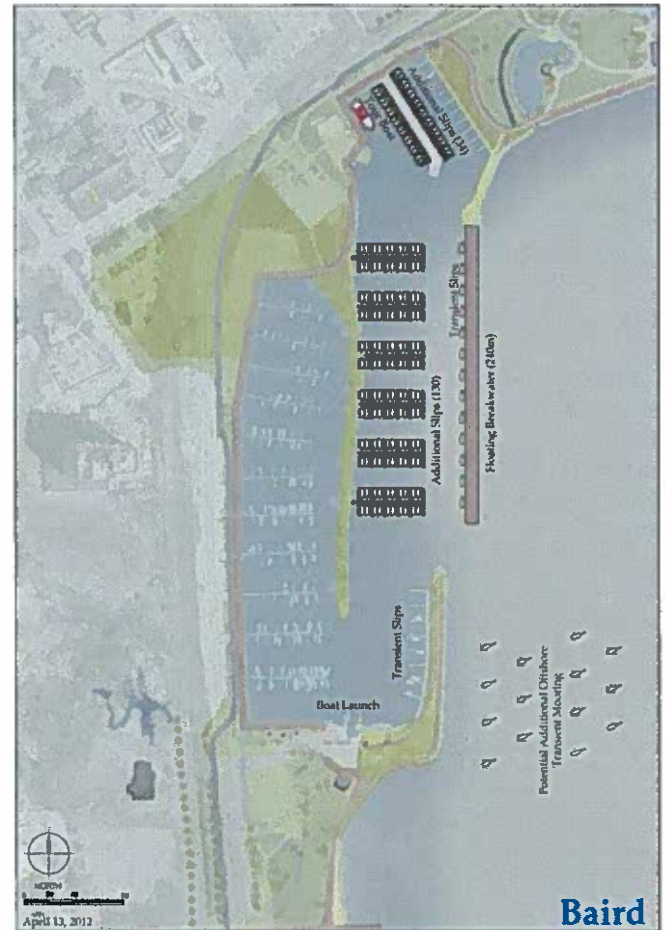


Appendix "B" – Marina Alternatives



**1996 Alternative**

- Areas for seasonal and transient users
- Composite breakwater
- 84 new slips
- Government dock removed
- \$6.1M capital investment



**Alternative A**

- Floating Breakwater
- Additional 164 slips & 14 moorings
- \$2.7M capital investment



**Alternative B**

- Floating Breakwater
- Additional 252 slips & 14 moorings
- \$3.9M capital investment



**Alternative C**

- Rubblemound Breakwater
- Additional 300 slips & 14 moorings
- \$22.3M capital investment



### Alternative D

- Rubblemound Breakwater
- Additional 394 slips & 14 moorings
- \$19.1M capital investment



**Appendix 'C' - Economic Analysis**

Preferred Model - Rate Increase/Fee for Use Boat Launch/Fee for Pump Out/Increase Transient Slips and Winter Boat Storage											
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
<b>REVENUE</b>											
Summer Mooring	\$472,374	\$554,852 *	\$580,197	\$588,900	\$597,733	\$606,699	\$615,800	\$625,037	\$634,412	\$643,928	
Pump-out, Stepper & Sundry	\$4,320	\$20,320 ^	\$21,248	\$21,566	\$21,890	\$22,218	\$22,552	\$22,890	\$23,233	\$23,582	
Fuel	\$185,776	\$209,638	\$203,648	\$212,950	\$219,386	\$222,677	\$226,017	\$229,408	\$232,849	\$236,341	
Launch Ramp	\$6,483	\$20,000 ^	\$6,483	\$20,914	\$21,227	\$21,546	\$21,869	\$22,197	\$22,530	\$22,868	
Winter Boat Storage	\$10,000	\$20,000 **	\$20,300	\$20,914	\$21,227	\$21,546	\$21,869	\$22,197	\$22,530	\$22,868	
Transient Boaters	\$91,392	\$155,904 ***	\$91,392	\$160,616	\$163,025	\$165,471	\$167,953	\$170,472	\$173,029	\$175,625	
<b>TOTAL</b>	<b>\$770,344</b>	<b>\$996,594</b>	<b>\$1,004,493</b>	<b>\$1,019,247</b>	<b>\$1,034,536</b>	<b>\$1,049,805</b>	<b>\$1,065,265</b>	<b>\$1,080,792</b>	<b>\$1,114,449</b>	<b>\$1,131,206</b>	
<b>OPERATING EXPENSES</b>											
Operations and maintenance	\$307,061	\$331,625	\$346,774	\$351,975	\$357,255	\$362,614	\$368,053	\$373,574	\$379,177	\$384,865	
Contracted services	\$57,866	\$62,496	\$65,350	\$66,331	\$67,326	\$68,335	\$69,360	\$70,401	\$71,457	\$72,529	
Utilities	\$9,283	\$10,026	\$10,484	\$10,641	\$10,801	\$10,963	\$11,127	\$11,294	\$11,464	\$11,636	
Insurance	\$14,881	\$14,881	\$15,104	\$15,331	\$15,561	\$15,794	\$16,031	\$16,271	\$16,516	\$16,763	
Advertising	\$4,269	\$4,610	\$4,333	\$4,750	\$4,821	\$4,893	\$4,967	\$5,041	\$5,117	\$5,193	
Sundry expenses	\$11,396	\$12,308	\$11,567	\$12,680	\$12,870	\$13,063	\$13,259	\$13,458	\$13,660	\$13,865	
Full-time Salaries	\$85,865	\$92,734	\$87,153	\$98,382	\$101,333	\$104,373	\$107,504	\$110,729	\$114,051	\$117,473	
Casual and Part-time Wages	\$59,567	\$66,567	\$60,460	\$72,739	\$74,921	\$77,169	\$79,484	\$81,869	\$84,325	\$86,854	
Benefits	\$23,781	\$24,673	\$24,137	\$26,961	\$27,770	\$28,603	\$29,461	\$30,345	\$31,255	\$32,193	
<b>TOTAL</b>	<b>\$577,872</b>	<b>\$626,519</b>	<b>\$656,893</b>	<b>\$669,762</b>	<b>\$682,914</b>	<b>\$696,357</b>	<b>\$710,097</b>	<b>\$724,163</b>	<b>\$738,501</b>	<b>\$753,179</b>	
<b>NET OPERATING INCOME</b>	<b>\$192,472</b>	<b>\$370,075</b>	<b>\$347,600</b>	<b>\$349,484</b>	<b>\$351,621</b>	<b>\$353,445</b>	<b>\$355,168</b>	<b>\$356,729</b>	<b>\$355,948</b>	<b>\$358,027</b>	
New infrastructure for Initial Phase			\$257,156	\$257,156	\$257,156	\$257,156	\$257,156	\$257,156	\$257,156	\$257,156	
Debt Financing (retired in 2014)		\$54,112	\$53,011								
<b>CONTINGENCY FUND (1.0%)</b>	<b>\$57,797</b>	<b>\$62,653</b>	<b>\$65,689</b>	<b>\$66,976</b>	<b>\$68,291</b>	<b>\$69,636</b>	<b>\$71,010</b>	<b>\$72,414</b>	<b>\$73,850</b>	<b>\$75,318</b>	
<b>ANNUAL CASH FLOW</b>	<b>\$207,113</b>	<b>\$55,145</b>	<b>\$85,509</b>	<b>\$84,542</b>	<b>\$84,693</b>	<b>\$84,856</b>	<b>\$85,029</b>	<b>\$85,206</b>	<b>\$85,388</b>	<b>\$85,571</b>	

Note: Conference estimates are generally based on the City of Barrie's annual financial statements.  
 \* Projected based on an average 23' average boat length, with 326 occupied slips, at a rate of \$74/AO.  
 ^ Change for all pump-outs & boat launches. Est. 100¢ per week at \$10 per.  
 \*\* Estimate based on 25 boats, at a rate of \$400/boat per season.  
 \*\*\* Estimate based on expansion of 36 slips on a \$40/night fee 60% vacancy across the boating season.  
 \*\*\*\* Estimate includes fuel purchases for resale increased by 8% to accommodate growth.

City of Barrie Waterfront Plan Update

Marina Analysis

Final Report

OCTOBER, 2012

THE PLANNING PARTNERSHIP

N. BARRY LYON CONSULTANTS LIMITED





## EXECUTIVE SUMMARY

The objective of this study is to assess local market demand and the feasibility for expansion at the City of Barrie Marina as it evolves within the context of the City of Barrie's updated Waterfront Master Plan. A key issue in determining the best approach to the Marina's growth is how, or if, a physical marina expansion could be accommodated from both a market and financial perspective. This report explores:

- The role of public marinas and local recreational boating market characteristics;
- The strengths, weaknesses, opportunities and threats of the current Marina operation, and;
- The economic viability of growth options.

The following points summarize our analysis:

- Public marinas primarily function as a benefit servicing community recreation or local economic development initiatives. Few public marinas generate significant operating surpluses.
- Canadian boat sales statistics show the market as having declined in 2011 by about 20%. Notwithstanding this, local demand is strong; most of the marinas along the western edge of Lake Simcoe have operated at 100% capacity throughout recent boating seasons. The closure of marina facilities at Big Bay Point has likely helped put downward pressure on vacancy throughout the market area.
- A survey conducted in the spring of 2012 revealed a high level of boater satisfaction with the City's marina facility and staff. Key concerns related to parking, quality of washrooms/showers, the need for concessions and internet access.
- The current wait list for seasonal slips at the City of Barrie Marina is evidence of strong boater demand, supporting the case to explore opportunities for further progression of the Marina going forward. Expansion of the downtown condominium market also supports continued demand for boating facilities on the waterfront.
- Several models for marina expansion, ranging up to 771 slips, were developed and tested in this analysis. Expansion options that required any extension to the breakwall structures were found to be either technically unfeasible or could not be supported financially with the projected revenues.
- While the current marina operation is considered to be well run and produces an annual revenue surplus, several key opportunities for the facility have been identified. These ideas have been incorporated into a preferred development concept. This development concept includes the following key capital improvements and operational adjustments.
  - Expanding the Marina's capacity for transient boats by 36 slips;

- Constructing a new marina building that would offer improved services for both local and visiting boaters by including improved parking, new washrooms and showers, concessions, and internet access;
- Impose user fees for boat launches and pump-out services;
- Consider increasing berthing fees concurrently with service improvements; and,
- The preferred plan envisions the improvement of the area in front of the Sea Cadet's facility and rubble mound shoreline with a new dockwall and boardwalk promenade that will have the dual role of improving accessibility to the water's edge but also allow for new commercial opportunities such as additional charter boats.
- A financial analysis suggests that the increased operating revenue from these improvements would likely be sufficient to finance the capital costs provided that they are undertaken in phased manner.
- We have been asked to comment specifically about the advisability of selling or leasing the Marina to the private sector. In our view, there would be no significant advantages to the City. Given the Marina's central placement in the waterfront and the opportunities that surround it for future public benefits, the disadvantages associated with losing control outweigh any benefits.
- A key issue to monitor is the imminent redevelopment of Big Bay Point (Friday Harbour) which could add up to 1,000 additional boat slips into the marketplace and has the potential to threaten/weaken the City of Barrie's market share.

**City of Barrie**  
**Waterfront Plan Update**  
**Marina Analysis**

---

**TABLE OF CONTENTS**

Executive Summary.....	i
1. Introduction .....	1
2. The Role of Public Marinas .....	2
3. Marina Market Characteristics .....	4
4. Analysis of City of Barrie Marina Facilities.....	8
5. Options for the City of Barrie Marina .....	13
6. Operational Approaches .....	21
7. Recommendations .....	24
Appendix A Lake Simcoe Marina Market Scan.....	25
Appendix B Development options .....	28
Appendix C Proforma Assumptions .....	32
Appendix D Proforma: Status Quo .....	33

## 1. INTRODUCTION

The Planning Partnership (TPP) has retained N. Barry Lyon Consultants Limited (NBLC) to undertake an analysis of the City of Barrie Marina (the Marina) as a component of TPP's work on conducting an update of the City of Barrie's 2000 Waterfront Master Plan.

The City of Barrie is evaluating its options for the future of the Marina. A key issue in determining the best approach to the redevelopment is how, or if, the Marina should grow and operate in the future. This report explores:

- The role of public marinas and local recreational boating market characteristics;
- The strengths, weaknesses, opportunities and threats of the current Marina operation, and;
- Opportunities to grow and enhance the role of the Marina on the waterfront.

This analysis is intended to inform the City's operational decisions for the Marina within the context of its broader waterfront planning context.

**Figure 1 – The City of Barrie Marina**



## 2. THE ROLE OF PUBLIC MARINAS

In general, governments build marinas primarily as a benefit servicing community recreation and/or supporting local economic development initiatives. The very significant capital costs and the relatively short Ontario boating seasons make the financial benefits a secondary interest. However, in our experience most public marinas generate operating surpluses that are almost always rolled back into improvements or repairs. Few municipally operated marinas would claim that economic performance was the core rationale for operating a marina facility.

This section of the report provides a summary of the role and broader scale benefits that result from public marinas.

### 2.1 Improving the Waterfront Experience:

- A public marina is a point of interest which adds to the enjoyment of the waterfront for the general public. As residents enjoy weekend picnics or a workday stroll along the waterfront, they can enjoy the visual amenity of boats entering and exiting the harbour.
- Marina facilities support other water-based activities, such as fishing, wind-surfing, community regattas, canoeing and kayaking. As a public facility, accessibility by the public to alternative uses benefits the greater community and has the potential to increase the animation and interest in the waterfront as a whole.
- In the absence of activity, waterfronts can present security issues especially during the spring and fall when traditional activities slow down. A marina creates activity and populates the waterfront during these periods which promote a feeling of safety and comfort for the community at-large.
- Public marinas offer venues to promote water safety and boater education, issue boating licenses or Pleasure Craft Operator Cards, and promote environmental best practices (e.g., the Ontario Marine Operators Association Clean Marine Program).

### 2.2 Tourism and Economic Impacts:

- Not every municipality has a waterfront or one that is suitable for boating. For those that do, facilities that offer access to boating and other water based activities provide a competitive edge that supports growth and investment.
- The waters of Lake Simcoe, Couchiching and Georgian Bay are already considered one of the best areas to cruise in Southern Ontario. Boaters will be naturally attracted to the Marina so long as the Marina's infrastructure and facilities are maintained and transient slips are available at a competitive rate.
- It is important to note that the magnitude of benefit from the Marina to the community's tourism industry is largely dependent on the number of transient slips. The more visitors occupying slips in a public marina, the greater the benefit to the community's tourism sector.



- Visitors will spend money at businesses within walking distance of the Marina. This will impact local employment and labour income in the local tourism sector; particularly those businesses providing marine services, and downtown restaurants, shops and entertainment venues.
- The Marina contributes towards a critical mass of activity on the waterfront. Its patrons, both seasonal and transient form a market segment that could, along with other customers, be the basis to support commercial ventures such as concessions or restaurants.
- A public marina acts as entry point to the City and is an important opportunity to introduce the features of the community and direct visitors to its attractions and services.



*Figure 1 - The transient boater market is composed primarily of larger power vessels.*

### 3. MARINA MARKET CHARACTERISTICS

#### 3.1 The Regional Market

The market demand for marina space is a direct function of the demand for recreational boating with vessels, largely over 18' LOA. According to the National Marine Manufacturers Association (NMMA) Statistics sales of recreational boats in 2011 were down 21% over 2010. There were 44,400 new boats sold during 2011 with an estimated retail value of \$1.6 billion. These figures represent a 22 percent decline in unit sales and 18 percent decline in dollars from 2010.<sup>1</sup> Interviews conducted by NBLC with local retailers confirmed that sales were down through 2011 and into the 2012 boat show season.

While sales of new vessels were down, a survey conducted by NBLC of GTA marinas and marinas within Lake Simcoe showed very little vacancy. As part of this study we interviewed several marinas and boat sales outlets who all confirmed that while sales were down the trend was towards larger, power vessels.

Owners of power boats tend to spend more than those with sail vessels. The larger the boat, the greater the spending. In 2007, the US Corp of Army engineers conducted a survey of boaters in both Canada and the U.S. that explore spending pattern of recreational boaters in the Great Lakes Basin. The survey indicated that an average boat owner spends about \$3,600 (U.S.) per year on their boat including \$1,400 on expenses (e.g., equipment, repairs, insurance, slip fees) and \$2,200 on trips involving an average of 23 boat days. Owners of larger boats spend considerably more than these averages, up to as high as \$20,000 per year for boats 41 feet and more. Average spending per boat day on trips varies from \$76 for boats less than 16 feet in length to \$275 per day for boats larger than 40 feet. The greatest trip expenses are for boat fuel (22%), restaurants and bars (17%) and groceries (14%).<sup>2</sup>

The NMMA estimated that 38 percent of Canadian adults went boating at least once during 2011, which translates to 10.5 million boaters. According to the NMMA, Current boating participants tend to be married, have children living at home, a household income of less than \$80,000, be university educated, and work full time.

Looking forward, the limited supply of marina space and costly and time consuming process of expanding marinas suggest that even with weakening demand from new boat sales, the existing fleet is sufficient in size to maintain demand for the marina space that exists. Factors influencing demand in the future will include:

- The cost of fuel which may inhibit boating for some;
- Demographics that pushing larger numbers of people into their higher earning years;
- retirement where boating may be more attractive;
- Lifestyle changes are shifting towards a greater emphasis on family and leisure;

<sup>1</sup> NMMA, *Canadian Manufacturers Abstract*, 2011

<sup>2</sup> *United States Corp of Army Engineers - Great Lakes Recreational Boating, In response to Public Law 106-53, Water Resources Development Act of 1999, Main Report 2007*

- Increasing work place mobility will make working on boats continually easier;
- Increasing costs and regulatory restrictions inhibiting the expansion or development of marinas; and,
- Intensification of downtown areas that will attract new residents to boating

### 3.2 Local Marina Market

The Lake Simcoe boating market is home to approximately 45 yacht clubs and marinas, with several thousand mooring spaces and club members spanning from Orillia to Keswick, and from Barrie to Gamebridge. A market scan was conducted of the facilities that are closest and most competitive to Barrie

Lake Simcoe as a boating area is bolstered by the presence of Trent Severn Waterway. The Trent-Severn Waterway enters Lake Simcoe at its easternmost point, near the community of Gamebridge. The western access is at the most northerly point of Lake Couchiching which makes a stop a Barrie a side trip requiring an extra day of travel. This likely discourages some visitors but, in general, is a benefit to the Marina. Boaters traversing the Trent Severn Waterway are the primary source of the strong demand from transient boaters at Barrie.



*Figure 2 Lake Simcoe and the Trent Severn Waterway (purple)*

Apart from the Trent Severn Waterway, Lake Simcoe's very large surface area, relatively few obstructions and interesting surrounding communities make it highly desirable for both power and sail boats enthusiasts.



*Figure 3 - Lake Simcoe Marina - Many of the competitive marinas in the market area offer cover slips*

Although no new marinas have been added within the local market area in recent years, a number of marinas have adjusted their internal slip supply to account for the growing demand for dock space to accommodate larger vessels, particularly those in excess of 38 feet in length overall (LOA). The growing supply of larger slips has, if anything, decreased the overall supply of marina slips as none of the Lake's marinas have expanded their overall basin footprints.

While a number of yacht clubs offer exclusivity and specialized programming, such as high caliber racing and extensive social programs, public marinas such as the City of Barrie Marina serve the middle of the market, offering better affordability, a broader mix of boats and a wider range of socio-economic groups. This greater acceptance of a broader range of boats and boaters, and a more easy-going attitude, is part of the attraction of public marinas.

Conversely, yacht clubs typically have the ability to offer a deeper social offering with well established program offerings, dining facilities, children activities and other offerings. Accordingly, as some boaters within public marinas become more established in boating, particularly sailing, they choose to move to club environments. However, as the Kempenfelt Bay Yacht Club moors at the City of Barrie Marina, a number of these users are likely to continue to sail out of the Barrie Marina for longer than they otherwise might.

Following are some other key findings generated through a review of the local marina marketplace:



- Boater demand for slips throughout Ontario is strong, most market areas are experiencing modest growth year-over-year. The bulk of new boater demand is being driven by regional population growth;
- The gradual evolution and intensification of downtown Barrie is helping to animate the waterfront, exposing a greater proportion of the population to recreational opportunities along the water, which in turn fuels demand at marinas like Barrie's;
- Boat sales are trending towards larger boats. An increasingly large proportion of boaters no longer trailer their boats due to size constraints, fueling demand for seasonal slip space;
- Low interest rates, an aging population and high levels of inheritance and personal wealth have helped sustain a generation of boomers which bodes well for continued boater demand;
- A high degree of waterfront activity in Barrie and around Lake Simcoe has established a diverse range of marinas, from public operations, private marinas and club facilities;
- Currently, the demand for slips throughout most marinas on Lake Simcoe is strong. Most of the marinas along the western edge of the lake surveyed throughout the course of this study have operated at 100% capacity throughout recent boating seasons. The closure of marina facilities at Big Bay Point has likely helped put downward pressure on vacancy throughout the market area; and,
- The current wait list for seasonal slips at the City of Barrie Marina is evidence of strong boater demand, supporting the case to explore opportunities for further progression of the Marina going forward. However, as recreational boating is strictly a luxury activity, optimism should be somewhat tempered as demand could be affected by a range of economic fluctuations.
- The concept of selling or including boat slips as part of a larger residential development has been explored by several local developers in recent years, however Big Bay Point is the only nearby development with firm plans to add boat slips as part of its residential resort development. Through our discussions with representatives at Big Bay Point, it was noted that while the final organizational strategy have not yet been finalized, slips will likely be sold to the development's home owners, not the general public. The cost of these slips is also undetermined. Recent information indicates that the resort development is now being branded as "Friday Harbour", the project will include up to 2,000 residential units and a 1,000 slip marina. The marina basin is now undergoing dredging, and the resort is planned to open in the fall of 2014. The entire development is scheduled to occur over a 10-year build out.



#### **4. ANALYSIS OF CITY OF BARRIE MARINA FACILITIES**

The City of Barrie Marina offers 327 seasonal and 51 transient slips. The Marina is fully occupied and has a waiting list each year. The majority of slips are occupied by power vessels and the average vessel size by LOA is about 25'. The Marina manager notes that demand for berthing from larger boats is increasing. Following is a SWOT analysis (strengths, weaknesses, opportunities and threats) which aims to outline the various dynamics which shape the Marina currently, as well as the details which should be considered as the City's marina operation and waterfront evolves in the future.

##### **4.1 Strengths**

- **Low cost** – The Marina's tailored service offering allows rates to be kept low; the Marina is highly appealing to mid-market boaters.
- **Essential boater services** – The Marina's gas dock, pump-out, potable water, power, launch and restroom facilities are basic services essential to the boater community. Boaters do not have to travel elsewhere for these basic needs.
- **Annual surplus** – The Marina operates consistently with no seasonal vacancy and generates positive annual earnings. Marina revenues also contribute to area landscaping, lighting and other park features enjoyed by a broader public.
- **Proximity to downtown services** – The Marina is located within walking distance to downtown, allowing relatively convenient access to a variety of services and shopping opportunities for boaters. The Marina's convenient location is cited by its seasonal users as a key benefit.
- **Destination marina** – Given its position on the western-most shore of Lake Simcoe and its distance from the Trent-Severn Waterway, transient visitors have likely selected Barrie a primary destination on their trip. Barrie is a prime destination on Lake Simcoe.
- **Planned events** – The City's use of waterfront park space as an event venue allow the Marina to facilitate an additional tourism draw throughout its ability to accommodate transient boaters.
- **Good dock infrastructure** – Recent and ongoing marina facility improvements have improved the Marina's appeal to boaters and presents a positive image along the waterfront. Marina management has a planned program for reinvestment in marina infrastructure that responds well to client requirements.
- **Park and beach** – The Marina's barrier-free integration with Heritage Park and Centennial Park project a public and accessible feel towards the City. Boaters, especially transient users, benefit from access to parks and beaches nearby.
- **Good management** – Through our discussions with other operators and boater surveys, management is described as being highly responsive to boater needs. Marina manager is highly experienced and knowledgeable.

#### 4.2 Weakness

- Limited Trent-Severn traffic – The Marina’s distance some 42 kilometers away from the entrance to the Trent-Severn Waterway limits the Marina’s exposure to transient traffic.
- Poor restroom facilities – The Marina’s showers and washrooms are in need of updating and should be accessible to boaters (especially transients) 24-hours per day.
- Limited boater amenities – Unlike many competitive marinas on Lake Simcoe, the Marina does not offer lockers, laundry, wi-fi, cable, or club house facilities to its clients.
- Lack of food services – Very few food service options are available at the Marina. While Downtown Barrie has many options, some boaters may not be aware of them, and others might perceive this as being inconvenient.
- Limited Marina backland:
  - Lack of parking – Heavy use of the waterfront on weekends limits boater accessibility to parking in peak periods. Road realignment will further reduce parking going forward.
  - Lack of winter boat storage – The Marina has a very limited amount of land to use for winter boat storage, restricting revenue generating opportunities in the off season.
- Limited capacity to accommodate large boats – The maximum boat length for seasonal boaters at the Marina is 35’. Boat lengths are trending upwards throughout the market.
- Marina administration building – The current Marina administration building is tight space housing an office, restrooms and utilities. The building presents an unfavourable image towards transient visitors in particular and is not reflective of Barrie’s high quality downtown image.

#### 4.3 Opportunities

- City of Barrie Marina seasonal slip rates are typically 20% to 40% less expensive than the rates at other nearby Lake Simcoe marinas which offers the potential to consider rate increases.
- Lakeshore Drive will be relocated west of its current alignment to increase both the park space as well as parking facilities for both marina patrons and day users. This major new improvement should help mitigate parking issues but also offer expanded opportunities to offer winter boat storage within close proximity to the launch ramp/haul out facility.
- Launch and pump-out fees – Currently only non-Barrie residents are charged to use the City’s boat launch and for other services like pump-outs and mast stepping. Charging all users would add a potentially significant new revenue stream for the Marina.
- Service expansion – some expansion to marina service offerings would further increase the appeal of the Marina, relatively inexpensive offerings could include offering laundry facilities and wi-fi.

- Economic impact – Transient boaters can generate a significant economic benefit to surrounding businesses and services. Particularly with regard to food and entertainment services. Based on our research and the City's survey, during the average stay, each boater typically spends \$40 to \$60 on these services. Based on this, and assuming a 16 week season, at 60% occupancy, a transient slip could be generating between \$2,744 to \$4,032 in spending. While there is little published research in this area a study conducted by the University of Maryland suggests the economic impacts, at least in the Chesapeake Bay, are even more significant.<sup>3</sup>



**Figure 4** Demand from the residents of new waterfront condominiums is expected to grow in the City

- Growth potential – the Marina has an opportunity to capitalize on the strength of existing boater demand by increasing its number of boat slips for both seasonal and transient marina users.
  - Seasonal boaters – The Marina currently waitlist of over 200 boaters, an increase in slip capacity would satisfy this demand. A reconfiguration or expansion could also increase the Marina's capacity to accommodate larger vessels.
  - Transient boaters – Transient slips are heavily utilized at peak periods throughout the boating season when the City's waterfront is utilized to host numerous events. An

<sup>3</sup> *Transient Boating In Maryland: The Economic Impact Of Out Of State Boater Spending, Department of Agricultural and Resource Economics Maryland Sea Grant Extension Program University of Maryland, 2005*

expansion in the number of transient slips could support additional marina revenue and provide opportunities for visitors to explore Barrie's downtown and produce economic spinoff.

- Improve marina & waterfront visibility – despite its prominent location along the waterfront, the Marina and waterfront's visibility from beyond the Lakeshore Drive could be improved via signage along the 400 and the City's major thoroughfares.
- Commercial opportunities – A broad range of commercial opportunities could be supported out of an expanded marina facility and/or along the waterfront given its extensive use and public land ownership. Opportunities include:
  - Boat rentals/ dry sailing;
  - Jet ski rentals;
  - Expanded charter fishing facilities, including bait sales;
  - Food services/ restaurant/ convenience;
  - Sailing lessons;
  - Boat servicing/ mechanical; and,
  - Ice fishing and snowmobile centre (bait, gas and concessions)
- Spinoff economic effects – The Marina has the opportunity to facilitate some economic spinoff for local business located in Barrie's downtown. Options for encouraging this growth could be explored through a partnership with a Downtown BIA.
- Gateway to Barrie – the Marina acts as an additional gateway to the Downtown from a transient boater perspective. The Marina presents an opportunity to provide visitor information, with staff also acting as economic development ambassadors.
- Critical mass – There is an opportunity to create a consolidated waterfront activity centre acting as an anchor for both active and passive waterfront activity. This waterfront centre could house Marina administration offices, shower, locker and laundry facilities for boaters, and could present multiple opportunities to facilitate other waterfront activities throughout all four seasons. In addition to providing some space for the commercial opportunities previously noted, the facility could house a power squadron and waterfront education centre.
- Banquet/ conference/ wedding facilities – There is a good opportunity for a banquet facility and/or restaurant to occupy the second floor of a consolidated waterfront activity centre. A review of the City's waterfront and downtown banquet facilities revealed very strong market conditions with limited availability throughout the rest of 2012.

#### **4.4 Threats**

- Access to capital – Expanding the Marina's physical infrastructure and service offerings would require access to capital in order to finance improvements. Expansions would have to be financed through Marina reserves and its annual surplus.



- Resistance from current seasonal slip users – There is a general resistance from the Marina’s current seasonal lessees to pay for increased levels of service.
- Market growth – The imminent redevelopment of Big Bay point could add additional boat slips into the marketplace and has the potential to satisfy some of the excess demand not currently being served by the City of Barrie Marina. At this point Big Bay point has not determined exactly how its marina will be managed.
- Stress on waterfront land – Any increase to marina facilities will further increase the demand for waterfront land to accommodate vehicle parking and the other boater-related activities including boat and trailer storage.
- Safety and liability – expansion to marina facilities or spinoff service offerings within the publicly owned and accessible waterfront area might present increased exposure to liability and safety concerns for waterfront users.
- From a financial perspective, the marina will be continually faced with increasing costs, not only due to inflation but also due the need for continual maintenance. The current management has wisely instituted a program of continually reinvesting in marina infrastructure. However, these costs are expected to increase overtime and without offsetting revenue sources, the operating surplus that has been used to fund these works will diminish.

#### **4.5 Tenants Survey**

A survey of marina patrons was conducted during the winter of 2012 and revealed the following key findings:

- Overall, of the 92 respondents, 97% of the marina patrons ranked the facility, in terms of operations, staff and equipment, either satisfied or extremely satisfied;
- Access to parking, especially on weekends, appears to be the issue of greatest concern;
- In terms of identified facility improvements, the following items were ranked the highest:
  - Improved washrooms: 41%;
  - Internet access: 37%;
  - Vending machines, concessions: 32%, and,
  - Cable TV: 22%.
- About 70% of respondents supported a rate increase.

#### **4.6 Summary**

The City of Barrie Marina is a well run facility that enjoys strong demand, a high approval rating from its patrons, and an annual operating revenue surplus. The current operating model provides positive net cash flow to the City. Taking into consideration the next 10 years of projected operating revenues and costs, the net present value (NPV) of the annual net operating

income is estimated to be in the order of \$1.38M. (See Appendix D) Furthermore, it is estimated that current transient traffic contributes about \$137,700 to \$204,000 in direct spending to the local economy.

Looking forward, marina initiatives should build on its success by responding to the needs of its customers and enhancing its broader role to the waterfront and the downtown.

The Marina could have an even stronger presence and act as a centre of activity and animation for the waterfront. Centred around a new administration facility opportunities to connect visitors to the waterfront to attractions and services downtown and other parts of the City. The facility could also address issues such as improved washrooms and showers as well as providing commercial services for food and supplies.

While the Marina enjoys a positive bottom line, costs, including those for improvements suggested in this report are likely to increase while pressure to keep fees low will be strong. Opportunities to generate new revenues, through rate increases, new services and or slip expansions will be important to consider to maintain the standard of service set to date.

## **5. OPTIONS FOR THE CITY OF BARRIE MARINA**

Section Four of this report outlines the key issues impacting on the Marina facility that will shape its future. This section considers those issues and summarizes the extensive research that explored a wide range of options that include modest changes to very large expansion alternatives

Each option considered was subjected to a technical reviewed carried out by W.F. Baird & Associates Coastal Engineers Ltd. (Baird) and an order-of-magnitude financial analysis by NBLC. This analysis was conducted at necessarily high level and is subject to further refinement and study through the development of detailed site plan and designs and other analysis.

For each of the options, NBLC developed a conceptual proforma analysis that assessed the costs and revenues over a ten year period. A net present value of the resulting annual net operating revenue stream is then calculated as method to compare the relative value of each model. A summary of this research is provided in Appendix B. The assumptions contained in these proformas are outlined in Appendix C.

### **5.1 Expansion Options**

Baird and NBLC developed five conceptual marina expansion alternatives for potential infrastructure growth at the City of Barrie Marina (under separate cover) that explored modest to very large expansion plans. Each concept required expansion of the breakwater infrastructure. Understanding the very high cost of this infrastructure, Baird also explored alternatives such as floating breakwater technology. The options evaluated by Baird included a previous marina expansion plan from 1996 and four other expansion alternatives. The expansion options assessed included:

- 1996 Plan 441 slips;

- Option A 554 slips;
- Option B 626 slips;
- Option C 677 slips; and,
- Option D 771 slips.

The work of NBLC was conducted iteratively with that of Baird which ultimately revealed that all the major expansion options were either technically and/or financial unviable. From the analysis of each option, the following key conclusions should be noted:

- Each potential option would require that the Marina have access to funds for financing and/or the ability to finance expansion costs through the tax base.
- Expansion alternatives that incorporate rubblemound breakwall construction (the 1996 alternative as well as alternatives C and D) inflate construction costs to a point beyond what is reasonable from a financial position. Each of these scenarios would result in a significant negative net operating position.
- Options C and D also involved major slip growth and high expansion costs that would be excessively risky from both a market demand and capital investment perspective, with very significant land requirements for parking.
- From a market perspective, there is likely enough demand to support the potential growth (in terms of the number of slips) illustrated in the 1996 alternative as well as alternatives A and B. However, like alternatives C and D, significantly higher construction costs in the 1996 alternative would put the Marina in a negative net operating position.
- Alternatives A and B likely represent the best options for expansion at the Marina and showed good financial results based on preliminary cost estimates. However, the floating breakwater technology available today was judged by Baird to be inadequate to properly protect the inner basin from local hydraulic conditions.

Illustrations and the summary proforma analysis for each of these options attached as Appendix B.

## **5.2 The Preferred Marina Plan – Minor Expansion and Improvement to Facilities**

Understanding the technical difficulties with the expansion options discussed above an approach was explored that worked within the confines of the existing breakwater infrastructure.

### **5.2.1 Expansion of Transient Slips**

An important consideration in the evaluation of physical growth options for the City of Barrie Marina is the ability to increase the facility's capacity for transient boaters. Based on our assumptions for transient boater traffic generated through consultation with marina staff and a review of comparable transient boater impact studies, we estimate

that transient boater spending equates to approximately \$2,700 to \$4,000 of direct spending in Barrie per transient slip, per season, and a significant amount of this spending is likely to occur close to the Marina, likely within Downtown. As transient boaters are typically not residents of Barrie their spending represents a net-new economic benefit to the City. Any improvement to the Marina's capacity to accommodate increased transients will likely have an impact on local businesses.

The limitations imposed by the hydraulic characteristics of Kempenfelt Bay restrict improvements to the marina within the confines of the existing basin and shoreline infrastructure. The basin itself is fully developed leaving limited opportunities for improvements to the infrastructure with the exception of adjustment to the mix/sizing of slips. There is opportunity to expand the number of transient slips by removing the government pier and replacing it with floating docks. The proximity of these slips near the downtown area is ideal for the expansion of berthing facilities for visitors to the City.

#### **5.2.2 Expansion of Commercial/Charter Boat Area**

The preferred plan envisions the improvement of the area in front of the Sea Scout's facility and rubble mound shoreline with a new dockwall and boardwalk promenade that will have the dual role of improving accessibility to the water's edge but also allow for new commercial opportunities such as additional charter boats. To be conservative, we have not projected any revenue from these potential services but costing has been developed.

#### **5.2.3 New Marina Building and Service Improvements**

The planned realignment of Lakeshore Drive westward will create new parking and boat storage areas that will immediately improve access to the Marina and resolve a key patron issue. The new Marina building with its new washrooms and showers will be a major improvement to the services offered to both Marina patrons and the general public. This building could also be designed to accommodate a commercial concession that could offer supplies, snacks and other convenience items. Internet access as part of the berthing fee should also be explored.

#### **5.2.4 Rate Increases and User Fees**

As noted previously, the City of Barrie Marina charges rates for seasonal slip usage that are less than all of the other competitive marina rates on the western edge of Lake Simcoe. We believe that with the proposed service improvements, there is an opportunity to adjust rates upwards without impacting boater demand. To this end, we modelled a seasonal slip increase in the order of 15%, to \$74 L.O.A., or based on a 23' average boat length, a rate of \$1,700 per season, per slip (up from \$1,550 currently).

We also modelled the user fees for boat launches and pump-outs. We estimate a \$10 rate per launch applied to all boat launches in each growth scenario as well as a \$10 charge for pump-outs. The boat launch fees could be instituted through a payment for parking a car and trailer.



### 5.3 Costs

To provide an assessment of the likely financial viability of the preferred concept a high level pro forma analysis was undertaken. This analysis makes several broad assumptions with respect to capital and operating costs in the future. These assessments are made without the benefit of detailed studies such as engineering design work. They do, however, reflect the experience of the consultant team from other similar assignments. The assumptions are also considered conservative.

#### 5.3.1 Capital Costs

The following cost estimates and assumptions for this option are provided by NBLC, Baird and the Planning Partnership. Table 1 summarizes these costs estimates.

Capital Budget Estimates		
Item	Budget Estimate	Source
Removal of Government Dock	\$98,000	Baird
Construction and New Transient Slips	\$220,000	Baird
Pay Station for Boat Launch	\$15,000	NBLC
Line Painting/Signage (budget)	\$5,000	NBLC
Marina Building Hard and Soft Costs	\$1,000,000	TPP
Furniture and Fixtures	\$150,000	NBLC
<b>Initial Phase</b>	<b>\$1,488,000</b>	
Construction of new dock for commercial	\$1,200,000	Baird
Construction of dockwall	\$580,000	Baird
<b>Second Phase</b>	<b>\$1,780,000</b>	
<b>Notes:</b>		
<i>Subject to detailed design</i>		
<i>It is assumed that all material to be disposed of is clean fill.</i>		
<i>No dredging assumed</i>		
<i>No repairs to existing docks</i>		
<i>30% contingency</i>		

**Table 1**

#### 5.3.2 Operating Expenses and Revenues

The operating cost projection is based on assumptions that have been developed within the course of this study or have been provided by other consulting team members. We have assumed that berthing rates would be increased immediately by about 15%, however, it may be more appropriate that this rate be phased in which would delay revenues and potential delay the proposed initial capital improvements. We have also assumed 25 new

winter storage spots. With the new parking lots, this may be a conservative estimate. The following are other key assumptions:

- We have assumed that operating expenses would increase proportionately with expansion of 36 slips with the exception
- Additional 36 transient slips (occupied 60% of the season) in 2014;
- Additional 25 winter boat storage spaces in 2013;
- Paid public boat launch and pump outs for all marina patrons in 2014;
- Both fuel expenses and sales are assumed to increase proportionately with slip occupancy;
- We assume any new revenue that may accrue from a concession in the new marina building will be modest and not have a significant bearing on this analysis;
- We assume two new summer staff; and,
- We assume revenues and expense increase, on average by 1.5% annually over the 10 year forecast period. The exception is for payroll costs which we assume increase by 3.0%. In the proforma, this shows berthing rates increasing annually. Given the practical and political realities, future rate increases would more likely be imposed every several years.

#### 5.4 Analysis

Incorporating these assumptions, the net operating income is forecasted to increase from about \$200,000 to about \$370,000 (before debit payments and contingencies) per annum. The net present value of the net operating income would increase from about \$1.3M to about \$2.5 M with the proposed improvements. It should be noted that the proposed fee increase, capital improvements to the transient slip expansion and the pay station improvements generate the majority of the new revenue. The capital improvements associated with the new charter boat staging area have no direct revenue in our analysis.

Table 2 is a proforma model that illustrates the effect of these additional costs and operating revenues. We have not included any projections for new commercial ventures, however the new infrastructure would provide opportunities for expanded uses and revenue.

We assume in our analysis that an initial phase of capital works is initiated in 2013 that includes the following:

- Transient docking expansion;
- The public boat launch pay station; and,
- The new marina building

We also assume (arbitrarily) that the initial phase of development, estimated at \$1,488,000, would be financed over 7 seven years at a rate of 5%. The analysis illustrates that there will be sufficient funds to allow for consideration of moving forward on the proposed infrastructure improvements with more detailed planning.

Once this phase of the project was completed, the second phase could commence.

The estimated impact of spending from the new transient boaters is estimated to be between \$97,200 to \$144,000 per annum or \$234,900 to \$348,000 per annum in total.

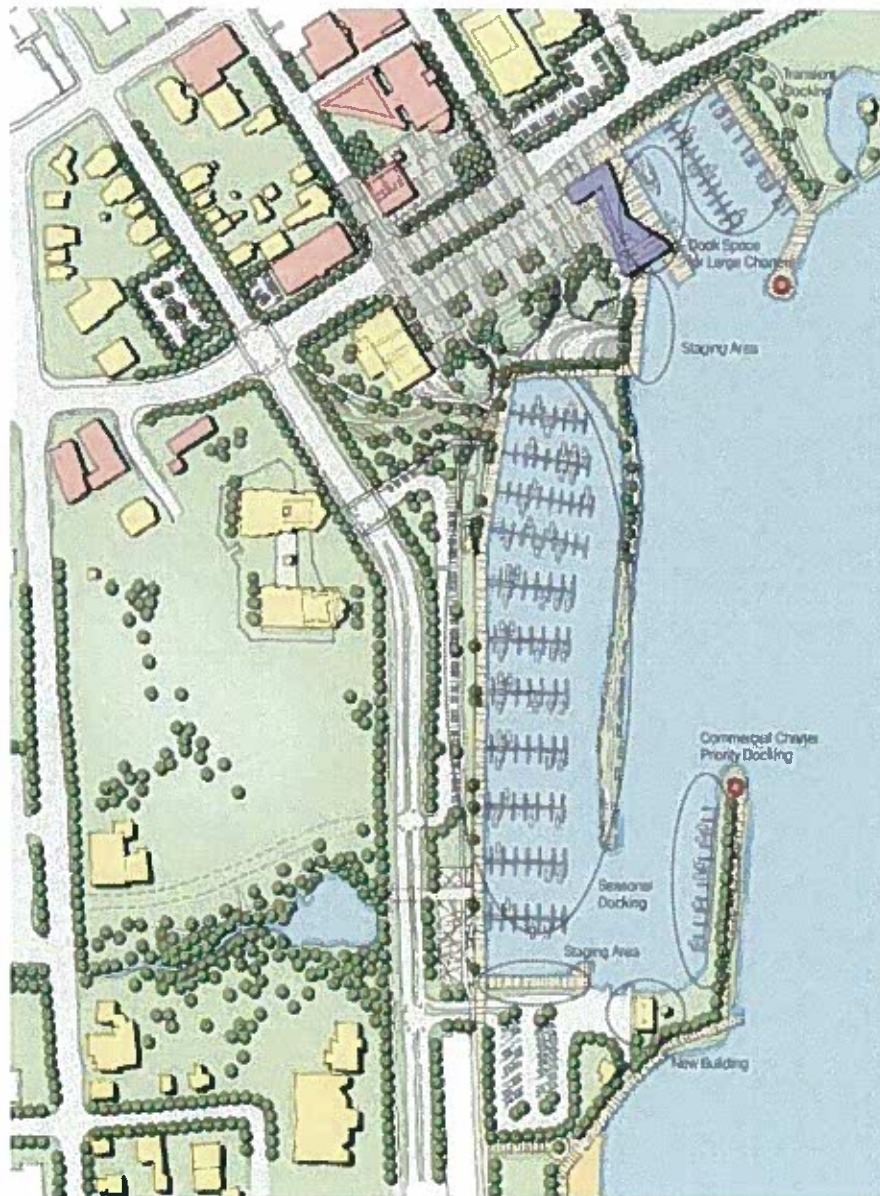


Figure 5 The Preferred Plan



**Table 2**

Revenue/Expense Code	Rate increase/decrease	Fee for Use	Dock Launch	Fee for Pump Out	Increase Transient Slips	and Winter Boat Storage	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
<b>Revenue</b>																	
Summer Boating							\$472,374	\$554,852	\$577,622	\$580,197	\$588,930	\$597,733	\$606,699	\$615,830	\$625,037	\$634,312	\$643,658
Pump out, Stopper & Sundry							\$43,200	\$20,320	\$10,938	\$21,248	\$21,566	\$21,890	\$22,218	\$22,552	\$22,890	\$23,233	\$23,582
Fuel							\$165,776	\$200,938	\$203,648	\$236,803	\$212,950	\$216,144	\$219,386	\$222,677	\$226,017	\$229,408	\$232,849
Launch Ramp							\$6,483	\$20,000	\$6,483	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Winter Boat Storage							\$10,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Transient Boats							\$91,392	\$155,934	\$91,392	\$160,616	\$113,025	\$165,471	\$170,472	\$173,029	\$175,625	\$178,259	\$180,933
<b>TOTAL</b>							\$778,744	\$1,052,044	\$1,019,987	\$1,219,814	\$1,197,126	\$1,205,024	\$1,218,809	\$1,232,795	\$1,246,819	\$1,260,859	\$1,274,908
<b>OPERATING EXPENSES</b>																	
Operations and maintenance							\$707,061	\$331,625	\$407,061	\$11,625	\$344,774	\$351,376	\$357,255	\$363,414	\$369,853	\$376,574	\$383,465
Contracted services							\$57,866	\$62,496	\$58,734	\$52,496	\$65,350	\$66,311	\$67,376	\$68,445	\$69,518	\$70,594	\$71,672
Utilities							\$9,283	\$10,026	\$9,423	\$10,026	\$10,484	\$10,841	\$11,201	\$11,563	\$11,927	\$12,293	\$12,661
Insurance							\$14,881	\$14,881	\$15,104	\$15,331	\$15,561	\$15,794	\$16,031	\$16,271	\$16,514	\$16,761	\$17,011
Advertising							\$4,769	\$4,810	\$4,333	\$4,750	\$4,821	\$4,893	\$4,967	\$5,041	\$5,117	\$5,193	\$5,271
Sundry expenses							\$11,396	\$12,308	\$11,567	\$12,680	\$12,870	\$13,063	\$13,259	\$13,458	\$13,660	\$13,865	\$14,073
Full-time Salaries							\$85,465	\$92,734	\$87,153	\$98,382	\$111,333	\$104,373	\$117,504	\$110,729	\$114,051	\$117,473	\$120,897
Contract and Part-time Wages							\$55,567	\$66,567	\$60,460	\$66,567	\$72,739	\$74,721	\$77,149	\$79,494	\$81,869	\$84,275	\$86,714
Reserve							\$21,781	\$29,673	\$26,117	\$24,673	\$26,961	\$27,770	\$28,603	\$29,461	\$30,345	\$31,255	\$32,193
Interest							\$57,872	\$62,629	\$65,083	\$67,683	\$70,422	\$73,294	\$76,201	\$79,144	\$82,123	\$85,138	\$88,189
<b>NET OPERATING INCOME</b>							\$171,603	\$320,319	\$212,926	\$275,040	\$252,750	\$247,940	\$249,480	\$251,024	\$252,574	\$254,123	\$255,672
Non-debt structure for Initial Phase									\$257,156	\$257,156	\$257,156	\$257,156	\$257,156	\$257,156	\$257,156	\$257,156	\$257,156
Debt financing (reduced in 2014)							\$54,112	\$53,011									
<b>CONTINGENCY FUND (CFM)</b>							\$57,787	\$1,853	\$1,853	\$1,853	\$4,976	\$6,291	\$6,636	\$7,010	\$7,414	\$7,839	\$8,284
<b>AVAILABILITY TO FUND</b>							\$277,487	\$376,335	\$215,632	\$276,984	\$257,776	\$254,636	\$256,846	\$258,034	\$259,160	\$260,292	\$261,426

Note: Contingency fund rates are generally based on the City of Barrie's annual financial statements.  
 \* Budgeted for 2013-2014, average 22.5% per year based on 2012-2013 budgeted figures, at a rate of \$720/DA.  
 \*\* Charge for 1 launch & boat launch fee, \$120 per month, \$150 per year.  
 \*\*\* Expense based on 25 boats, at a rate of \$400/boat per season.  
 \*\*\*\* Expense based on 10 of 18 slips on a 54.3% occupancy rate for the boating season.  
 \*\*\*\*\* Expense includes fuel purchases for the marina and marina by 8% to accommodate growth.

## 6. OPERATIONAL APPROACHES

Understanding the opportunities for growth at the City of Barrie Marina, the following discussion is intended to evaluate how the Marina should it be managed, assessing whether there is there a better way to achieve this than the current approach.

### 6.1 Key Issues

Key issues to consider in the operation of the Marina are as follows:

- Financial sustainability;
- Operation within a public park;
- Decision making and management; and,
- Cost sharing and responsibilities shared between City departments.

Following is a discussion of the various operational models available to the City.

#### 6.1.1 Public Operation (Current Approach)

Currently, there are about seven different departments involved in decision making at the Marina. The City's 2000 Waterfront Master Plan recommended the City develop a clear schedule of maintenance responsibilities to ensure the waterfront is maintained in a safe and aesthetically pleasing manner, to do this it recommended budget allocations and staffing be allocated to the waterfront from a variety of departments.

Under public operation, the same core principles apply to the operation of the City of Barrie Marina as outlined above. However, under public operation the Marina has the benefit of achieving some additional cost recovery (does not pay for admin, HR, garbage collection, etc.). This presents a strong argument to maintain and improve the current operating structure as operational surpluses are retained by the City.

An important note here is that while several departments are charged with maintaining various pieces of marina property, the investments in waterfront infrastructure made by the Marina benefit not just boaters, but all of the City's residents and visiting waterfront users. Recent examples of this investment are numerous, and include shoreline and pier improvements, waterfront lighting improvements and landscaping. Moreover, public operation of the Marina presents an opportunity for visitor spending to be directed towards downtown Barrie. A publicly operated Marina allows the ability for marina staff to act as City ambassadors as they are the first point of contact for many visitors.

In our estimation, the input from various City departments in Marina operation and maintenance are likely balanced out by the reinvestment of marina dollars in waterfront improvements which benefit all waterfront users alike. That said, the current operational model appears to be somewhat ad hoc; a more formalized structure would benefit the Marina if public ownership and operation is continued.

#### **6.1.2 Public Private Partnership**

In a public private partnership, the Marina operation would be leased to the private sector. Some key considerations are noted in this case:

- The private operator's core principle would be purely economic, with strong motivation to turn a profit. This would mean an increase in Marina service rates to market rents, or above (likely 15% to 20%). In addition a private sector operator would encounter additional expenses from the City which would erode the profitability of the Marina in this scenario which would include:
  - Marina security and insurance costs be higher and a key consideration to a private operator;
  - A private operator would be exposed to both property and business taxes not currently applied to the public model; and,
  - A private operator would have to pay rent to the City.
- A private marina operator would be incentivized to capture the economic spinoffs within the Marina itself – not in the downtown.

The benefit to the City would be a steady rent payment regardless of market fluctuations, and no ongoing maintenance requirements. However, in our experience with similar arrangements, private operators tend to defer major maintenance projects to the end of their lease period. As such, the City would likely have to be prepared to incur some maintenance costs (dock replacement, etc.) towards the end of the lease agreement.

#### **6.1.3 Sell the Marina**

Many of the same considerations as outlined in the Public Private Partnership model would also become pertinent if the City were to sell the Marina land and business to a private entity. However, the major difference in this case would be the City's loss of control over this land; while the private sector would benefit by eliminating the requirement to pay rent.

The sale of the City's marina and water lots to a private operator would likely create a significant shift in the look and feel of the current marina operation given the many philosophical differences noted herein. This may also stir up some political issues given the fact that the current operation is relatively well maintained and provides a positive net financial benefit to the City.

#### **6.1.4 Arm's Length Agency – Waterfront Corporation/ Commission**

Another potential operating model would be to establish an arm's length agency to run the Marina and/ or all waterfront facilities. In doing so, the following would be key considerations:

- The agency would require separate administration and other human resources which are currently provided by the City; and,

- The Marina is one of, if not the only, revenue generating facility on the waterfront aside from perhaps the South Shore Community Centre. Revenues from these facilities would have to cover the operation of the agency.

Without adding some significant new waterfront concessions or engaging in the sale of waterfront land for private redevelopment, there is likely insufficient revenue to support the creation of a separate waterfront body. In other locations, high real estate values and large scale redevelopment opportunities can support staff and operations. However in this case, that redundancy and relatively limited economic generating opportunity on the waterfront would likely not sustain such an endeavour.

## 7. RECOMMENDATIONS

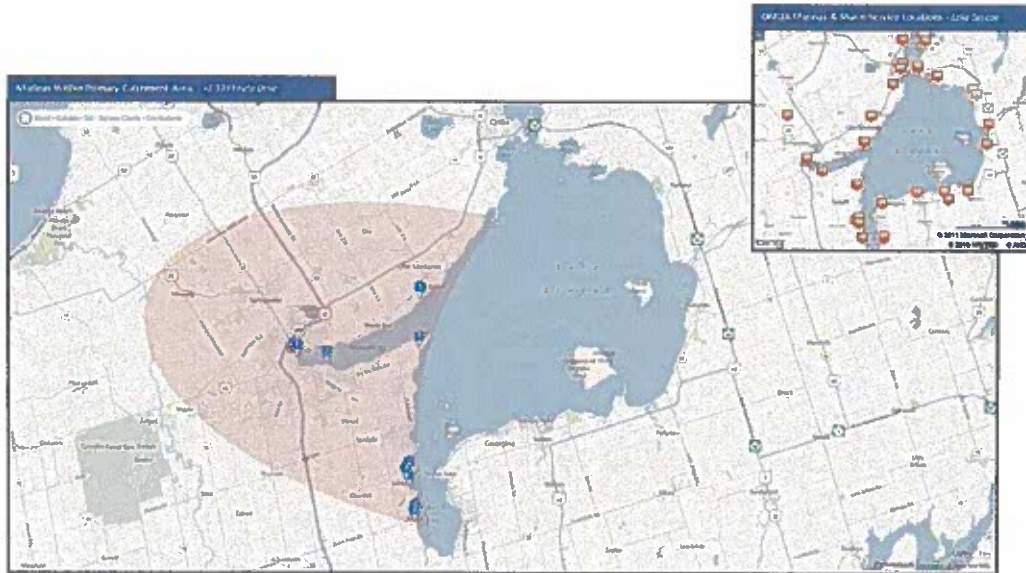
Understanding the current marina operation and the market outlook for a marina in Barrie, the following are our core recommendations for the City of Barrie Marina going forward:

- Maintain public ownership and operation of the Marina. In its current form the Marina provides positive net benefits to the City as a whole and several opportunities exist to leverage this to a greater degree in the future. In our view, several potential conflicts with private operation or ownership are likely to arise given the fact that the interests between the City and a private operator are not aligned. Maintaining ownership also means that the City can develop a comprehensive strategy for the waterfront which includes the Marina as a public asset where investments in the Marina and its infrastructure benefit all local residents.
- The preferred approach would see a coordinated effort for the organization of broader waterfront maintenance and responsibilities organized through an Interdepartmental Waterfront Committee that is established through a memorandum of understanding. This model allows the City to maintain control of the waterfront's evolution and an ability to leverage the opportunities at the Marina throughout the entire waterfront and the nearby downtown.
- It is recommended that the Marina look at gradually increasing slip rates with the service improvements proposed and charging all users a nominal fee for boat launches and other boater services. Given that current rates are less expensive than many other competitive marinas, these increases will likely have a minimal effect on demand. Any near term expansion of marina facilities should be focused towards increasing the capacity for transient boaters. This should occur through physical improvements to Government Dock along with a focused operational strategy that manages the docks and cross promotes with the Downtown BIA.
- Improvements to the dockwall east of the new transient docks should be phased in once the transient docks are completed and occupied. Similarly the new marina administration building on the east side of the Basin should be phased in as funding permits.



**APPENDIX A - LAKE SIMCOE MARINA MARKET SCAN**





**APPENDIX B – DEVELOPMENT OPTIONS**









#### APPENDIX C -PROFORMA ASSUMPTIONS

To measure the viability and impacts of various marina expansion options, we have developed a cash flow pro forma which imputes projections of operational costs and revenues over time. Following are key assumptions in the pro forma:

- Base operational cost and revenue projections are generally based on five years of financial information provided by the City of Barrie Marina (2007 to 2011);
- The recreational boating market remains strong throughout Barrie and on Lake Simcoe, and a reasonable increase in mania fees will not affect slip demand;
- All costs are inflated and 1.5% per annum, except for wages and benefits which are inflated at a rate of 3% per annum;
- All revenues are inflated at 1.5% per annum;
- Operating costs increase proportionately with the rate of physical slip growth projected in each physical marina expansion alternative;
- It is assumed that expansion alternatives would be funded by paying 20% of the estimated expansion costs up front and financing the balance over 15 years;
- It is assumed that annual floating breakwall maintenance would be covered by a \$10,000 allocation of operating costs;
- All scenarios include a contingency fund (10% of annual operating costs), as well as a capital reserve fund contribution estimated at around \$50,000 per annum;
- It is assumed that the Marina, as a City-run entity, is exempt from paying property taxes;
- Base summer mooring revenues are projected based on current City of Barrie Marina rates and assumes a 23 foot average boat length, a seasonal mooring rate of \$63/ft LOA, and 326 occupied seasonal boat slips;
- Launch ramp revenues are projected based on an estimate of a total of 100 launches per week, over 16 boating weeks, at a rate of \$10 per launch;
- Pump-out service revenues are projected based on an estimate of a total of 100 launches per week, over 16 boating weeks, at a rate of \$10 per boater; and
- Transient slip revenue and transient spending is projected based on a 60% transient slip vacancy rate across the boating season (112 days). It is assumed that transient visitors spend \$40 per day, and that there are two persons per boat.

**APPENDIX D - PROFORMA STATUS QUO**

Status Quo	Base (2011)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>REVENUE</b>											
Summer Mooring	\$472,374 *	\$479,460	\$486,652	\$493,851	\$501,361	\$508,881	\$516,514	\$524,262	\$532,126	\$540,108	\$548,209
Pump-out & Sundry	\$4,320	\$4,384	\$4,450	\$4,517	\$4,585	\$4,653	\$4,723	\$4,794	\$4,866	\$4,939	\$5,013
Fuel	\$185,776	\$188,163	\$191,391	\$194,762	\$197,176	\$200,134	\$203,136	\$206,183	\$209,275	\$212,414	\$215,601
Launch Ramp	\$6,483	\$6,380	\$6,679	\$6,779	\$6,881	\$6,984	\$7,089	\$7,195	\$7,303	\$7,412	\$7,524
Winter Boat Storage	\$10,000 **	\$10,150	\$10,302	\$10,457	\$10,614	\$10,773	\$10,934	\$11,098	\$11,265	\$11,434	\$11,605
Transient Boaters	\$91,392 ***	\$92,763	\$94,154	\$95,567	\$97,000	\$98,455	\$99,932	\$101,431	\$102,952	\$104,497	\$106,064
<b>TOTAL</b>		<b>\$781,800</b>	<b>\$793,428</b>	<b>\$805,835</b>	<b>\$817,815</b>	<b>\$829,880</b>	<b>\$842,028</b>	<b>\$854,263</b>	<b>\$867,287</b>	<b>\$880,204</b>	<b>\$894,018</b>
<b>OPERATING COSTS</b>											
Operations and maintenance	\$307,061 ****	\$311,667	\$316,342	\$321,087	\$325,903	\$330,791	\$335,753	\$340,790	\$345,902	\$351,090	\$356,356
Contracted services	\$57,866	\$58,734	\$59,615	\$60,510	\$61,417	\$62,338	\$63,274	\$64,223	\$65,186	\$66,164	\$67,156
Utilities	\$9,283	\$9,423	\$9,564	\$9,707	\$9,853	\$10,001	\$10,151	\$10,303	\$10,458	\$10,614	\$10,774
Insurance	\$14,881	\$15,104	\$15,331	\$15,561	\$15,794	\$16,031	\$16,271	\$16,516	\$16,763	\$17,013	\$17,270
Advertising	\$4,269	\$4,333	\$4,398	\$4,464	\$4,531	\$4,599	\$4,668	\$4,738	\$4,809	\$4,881	\$4,954
Sundry expenses	\$11,396	\$11,567	\$11,741	\$11,917	\$12,096	\$12,277	\$12,461	\$12,648	\$12,838	\$13,031	\$13,226
Full-time Salaries	\$85,860	\$88,441	\$91,094	\$93,827	\$96,642	\$99,541	\$102,527	\$105,603	\$108,771	\$112,024	\$115,393
Casual and Part-time Wages	\$59,567	\$61,354	\$63,194	\$65,090	\$67,043	\$69,054	\$71,126	\$73,260	\$75,457	\$77,721	\$80,053
Benefits	\$23,781	\$24,494	\$25,229	\$25,986	\$26,765	\$27,568	\$28,395	\$29,247	\$30,125	\$31,028	\$31,959
<b>TOTAL</b>	<b>\$573,869</b>	<b>\$585,118</b>	<b>\$596,807</b>	<b>\$608,148</b>	<b>\$620,044</b>	<b>\$632,381</b>	<b>\$644,626</b>	<b>\$657,317</b>	<b>\$670,308</b>	<b>\$683,578</b>	<b>\$697,143</b>
<b>NET OPERATING INCOME</b>		<b>\$196,682</b>	<b>\$197,121</b>	<b>\$197,385</b>	<b>\$197,572</b>	<b>\$197,679</b>	<b>\$197,702</b>	<b>\$197,834</b>	<b>\$197,479</b>	<b>\$197,226</b>	<b>\$196,875</b>
Debt Financing (retired in 2014)		\$54,112	\$53,011								
<b>CONTINGENCY FUND (10%)</b>		<b>\$58,512</b>	<b>\$59,651</b>	<b>\$60,815</b>	<b>\$62,004</b>	<b>\$63,220</b>	<b>\$64,463</b>	<b>\$65,733</b>	<b>\$67,031</b>	<b>\$68,358</b>	<b>\$69,714</b>
<b>Net</b>		<b>\$84,160</b>	<b>\$84,459</b>	<b>\$84,570</b>	<b>\$84,568</b>	<b>\$84,459</b>	<b>\$84,239</b>	<b>\$84,104</b>	<b>\$84,448</b>	<b>\$84,868</b>	<b>\$85,161</b>

Note: Cost/income estimates are generally based on the City of Barrie's annual financial statements.  
 \* Projected based on an average 23' boat length, with 326 occupied slips, at a rate of \$63/DO.  
 \*\* estimate based on 25 boats, at a rate of \$400/ea/per season.  
 \*\*\* estimate based on a \$42/night for 60% vacancy across the boating season.  
 \*\*\*\* estimate include 1% of purchases for resale