



May 2010

## Vision 2012 ~ The Bigger Picture:

*The Case for a Permanent Rock Island Fish & Wildlife Habitat Wavebreaker at LaSalle*

### Executive Summary – Creating a Centre of Excellence

Building for Burlington’s Open Public Marina at LaSalle, Ontario’s 400<sup>th</sup> Safe Harbour



The objective of this project is to bring to Burlington, the Safe Harbour enjoyed by every other municipality on Lake Ontario. Vision 2012 will bring with it significant environmental improvements to habitat and other benefits to the community.

**Vision 2012 is fully consistent with the City of Burlington’s Future Focus 7**

## **Undertaking this project will have the following benefits:**

- Create significant new environmental opportunities;
- Assist in the reduction of the municipal tax burden for the City's ratepayers with a new permanent annual revenue stream to the City;
- Rapid pay down of the City's portion of any Initial Capital Investment (ICI), if an ICI Policy case scenario is chosen;
- Joint Venture Funding Agreement Model is available, having been extensively reviewed by LPMA and City Staff and is highly viable. Fits current Municipal Policy, should that scenario be selected;

## **Vision 2012 will provide:**

- Protect and enhance the resident boaters discretionary spending within the community, depending on which Option is chosen;
- Improve economies of scale if the preferred Option B, an expanded Marina, is selected;
- Protection for the City's Public Boat Launch Docks;
- Optimum protection for the City's LaSalle Park Marina;
- Vista improvements with docks remaining in place year round, being no longer stacked on LaSalle Pier in the off-season;
- Enhanced user comfort, making Burlington a more popular destination for visiting boaters and to cater to a changing demographic;
- Greater comfort for the disabled at Burlington's fully Wheel Chair Accessible Open Public Marina;
- Construction of new Dedicated Transient Dockage at LaSalle for visiting boaters coming to the City, keeping business and visitor spending in Burlington;
- Reduced wear on infrastructure and enhanced safety;
- Protection from storm events and harbour winter ice conditions.

## **Environmental**

### **State-of-the-Art Fish & Wildlife Habitat**

- Better environmental synergies at LaSalle Park Marina, already the industry leading First Top Award Winner;
- Designed to the latest thinking in Fisheries and Watershed Management;
- Protect; introduce; and reintroduce; desirable fish species as targeted by the Ministry of Natural Resources and the Remedial Action Plan for Hamilton Harbour;
- Significant enhancements to Fish & Wildlife Habitat, breeding grounds and improved water quality.

## The Business Case Overview

- The Case contains three Case Scenarios and Policy choices, all of which are highly sustainable.

### Grants as Investment

- As developed with City Staff, at present the PPP Canada Fund is available until 2013, which could bring 25% of Project Funding combined with LPMA's (up to) 50% contribution – with 25-35% additional funding sought through Partnering;
- Grants made would see enhanced permanent HST; enhanced Personal and Business Income taxes generated from improved boater discretionary spending within the community;
- Enhanced permanent HST and Personal Income Tax revenues generated from the expanded Marina directly, including the expansion of permanent and permanent part-time employment from 1 before, to 7 post construction;
- Enhanced employment for construction related jobs, being HST and enhanced Personal and Business Income taxes generated during the build phase;
- Grants would not be subsidies, but are investments deriving a permanent return to the Crown through taxation.

### Debentures

- **JVFA Model – LPMA to float two debentures series to run concurrently;**
- **Primary Secured Debenture A owed to the City in Years 1-10;**
- **Secondary Unsecured Subordinate Debenture B owed to the Members and investors Years 1-13;**
- **Secondary Unsecured Subordinate Debenture B, owed to the Members and identified investors as a private placement, within applicable Securities Legislation for a Not-for-Profit Corporation.**

### Project Cost

All data derived from Hall Coastal Canada Limited (HCCL), verified and updated. HCCL Order of Magnitude (Note: HCCL has an excellent track record on outcome costs being at or below Order of Magnitude)

#### HCCL Order of Magnitude

##### Ideal Outcome

\$6,000,000.

Final Outcome Dependant on Environmental Assessment determinations.

##### Likely Outcome

\$7,000,000.

##### Contingency Outcome

\$ Confidential / Internal to LPMA & City.

### Proforma

**13 Year Cash Flow Proforma Post Vision 2012 – JVFA Model** (see full Business Case for details)

	Year 1	Year 10	Year 13
Revenue *	\$ 441,700	\$ 535,333	\$ 568,087
Expense	\$ 218,900	\$ 310,302	\$ 345,534
Debentures Debt Service	\$ <u>220,300</u>	\$ <u>220,300</u>	\$ <u>220,300</u>
Net	\$ <u>2,500</u>	\$ <u>4,731</u>	\$ <u>2,253</u>

## Proforma

### Risk Management / Redeployables

To cover potential Occupancy Shortfalls; Construction Cost Overruns; Unforeseen Maintenances; or Additional Debt Service.

	Year 1	Year 10	Year 13	Years 1-13
<b>Reserve Fund *</b>	\$ Proforma Contingency Data prepared by LPMA for the City			
<b>Included in Expense:</b>	Removed			
Budgeted (and Redeployable)				
Allocation to Reserves for Future Capital Dock Replacements.				
Indexed to the Rate of Inflation				
<b>Operational Contingency *</b>	\$ Proprietary	Data	Removed	
<b>Included in Expense</b>				
<b>Future Targeted Leasehold Improvements *</b>	\$ <u>Proprietary</u>	<u>Data</u>	<u>Removed</u>	
<b>Included in Expense:</b>				
Redeployable to cushion Occupancy Shortfalls; or cover Construction Cost Overruns;				
Unforeseen Maintenances.				
<b>Total Risk Redeployable.</b>	\$ <u>Proprietary</u>	<u>Data</u>	<u>Removed</u>	<u>\$ Confidential *</u>

\* Adjusted to Projected Rate of Inflation over 13 years. Bank of Canada Target Range 1-3 %

- **Phased in Dock Replacements schedule commences 16 years after completion of Vision 2012, 3 years after pay-out of Debenture B.**
- **As a Seasonal Business and NPO, the Net Income = Cash Flow. No Receivables or Payables remain by the end of each Fiscal Year (November 30).**

### Sustainability

- The Business Case and Proforma have been reviewed by LPMA's independent Auditor, to test our assumptions and Business model. The Auditor confirms the Marina is sustainable and its Budgetary Forecasts conservatively prudent.
- LPMA reports annually to its members and the City Audited Financial Statements.

All costs are projected costs based on Upset Outcome Order of Magnitude estimates derived from the Hall Coastal Canada Ltd [HCCL] Report (except Docks, which are a known cost) and extrapolated to today's dollars.

These costs have been verified with HCCL as being valid and current. HCCL has a track record of project Outcome costs being at or below their Order of Magnitude projections.

\* **Note:** Confidential contingency data given to the City is removed from the Public Release as LPMA wish to ensure such data is private to help ensure that contractors not bid to a known contingency amount should this project proceed to the construction phase. The risk redeployable contingency amount has been disclosed to the City – that amount exceeds the "Contingency Outcome" order of magnitude found on the preceding page.

## **The Venue**

- **Building Vision 2012 at LaSalle, inside Hamilton Harbour, is significantly more cost effective than doing so at another venue on the challenging open waters of Lake Ontario;**
- **Building Vision 2012 at LaSalle means engaging a Joint Venture construction with LPMA who have a proven 30 year track record of strict Management Compliance to Budget;**
- **Vision 2012 will permanently resolve all known issues;**
- **Vision 2012 will bring significant environmental remediation to the Harbour;**
- **Vision 2012 will bring increased and permanent stimulus to the local economy and community.**

## **Market Analysis**

LPMA closely monitors the competitive area market. That market is extremely tight. There are two distinct areas monitored.

### **Competitive Area Market**

#### **Inside Hamilton Harbour**

**Harbour West (Hamilton Port Authority)**

**Royal Hamilton Yacht Club**

**MacDonald Marina**

**Maccassa Bay Yacht Club**

#### **Outside Hamilton Harbour**

Outside the Harbour is defined as within 12 nautical miles of the Burlington Canal

**Oakville**

**Bronte, Inner & Outer Harbours**

**50 Point Marina**

**Newport Marina**

### **Tight Area Dockage Market**

All competitors have waiting lists to get in. For a mid to larger sized boat the waiting period is between 1-3 years, with Maccassa being the exception with a 7 year waiting list. This is further demonstrated by LPMA operating at 100% capacity and turning away 130 boats in 2007; 150 boats in 2008, 75 boats in the depths of the recession in 2009.

All competitors are increasing their rates at roughly the rate of inflation or greater.

Our estimate is that the Market could utilize a minimum of an additional 200 full season slips.

Vision 2012 Option B, our preferred option, proposes increasing Slip availability at LaSalle by 100 full season slips with an additional 20 transient slips.

## **Demographics**

LPMA's demographic data interpretation bears out the growth of our demographic target market age groups. LPMA's target groups are broken down elsewhere using Federal & Ontario Government Statistics. Our Target age range groupings are between 30-80 years old.

The identified Target Groups have increased during LPMA's 30 year existence by a greater percentage than both the available area dockage and the proposed increase in dockage capacity in Vision 2012. This provides further support to our projections of continued full occupancy once Vision 2012 is completed. In fact waiting lists will continue to be the norm both at LaSalle and with our competitors. However, Burlington's LaSalle Park Marina will be able to operate with a vastly enhanced economy of scale, provide increased services and better demand satisfaction, with a significantly enhanced first rate marina facility in Ontario's 400<sup>th</sup> Safe Harbour.

## **Next Steps: Engage an Environmental Assessment and Stakeholder Consultation**

### **Partnering**

#### **Identified Potential GO's & NGO's**

##### **Federal**

- Transport Canada
- Infrastructure Canada
- Natural Resources
- Department of Fisheries and Oceans
- PPP Canada Fund
- Building Canada Fund
- Future stimulus announcements

##### **Provincial**

- Ministry of Natural Resources
- Ministry of Economic Development
- Ministry of Tourism
- Ministry of Energy and Infrastructure
- Infrastructure Ontario

##### **Regional**

- Halton Region
- Halton Conservation Authority

##### **Municipal**

- City of Burlington
- Parks & Recreation

##### **Hamilton Port Authority**

##### **Remedial Action Plan**

##### **LaSalle Park Marina Association**

**Vision 2012 means a first rate Marine infrastructure for a City on its way to # 1**

**Should this proposed project not proceed, it would mean none of the forgoing or following benefits in the detailed Business Case are possible.**