

## Comments on the Draft Waterfront Needs Assessment report

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**Sub-Goal 2:** Identify revenue generating opportunities to help fund improvements and ongoing maintenance of the waterfront.

This perspective is wrong in the context of the marina and campground. These are not recreational assets like the CCC where there is not an expectation of total cost recovery, let alone a surplus. The marina and campground are full fledged going concern business operations more akin to the Town's Northam Industrial Park and the police criminal check business.

These business units are EXPECTED to make money and be self sufficient.

The Mayor and CAO have stated this numerous times in the past several years particularly in regards to the marina.

If this is not the case for the marina, then Council must approve a change to this policy stating that the marina is not a financially viable business and requires taxpayer subsidy.

Capital additions to these business units MUST make a positive contribution to the business ie a profit.

It is foolish, even irresponsible, to recommend capital additions to these business units, especially the marina, that don't meet this criteria.

In 2014 32 extra slips were added at a cost of about \$280K. The expected revenue was about \$55K per year. This is a 5 year payback. That's 5 years before these slips start earning a profit. Not great as a business investment.

In the 5 years 2013 to 2017 the marina net profit yo-yoed between \$53K and \$100K for an average of \$77.8K. The 2015 marina asset management plan estimated total capital repair/replace costs the 10yrs 2018-2028 at \$1.753M. Assuming linearity, this is \$175K per year...without any extras like additional slips or a boat lift. The estimated shortfall is \$100K per year.

The table of contents lists Appendix I Business Case for Cobourg Harbour and Marina on page 389 Imagine my surprise to find a blank page.

### **Pg 20**

Some of the key findings from Touristics' study (the missing Appendix I) include:

- The annual profit from the marina operation has been paying for all harbour expenses, thus eliminating the need for the tax payers to pay for the harbour expenses;
- Transient boaters who visit Cobourg spend more money locally than seasonal boat owners and therefore an important part of Cobourg's economic development;

Additional slips will increase the revenue potential of the marina operation and permit an even greater contribution to covering the capital cost associated with the harbour and especially for the refurbishment of the East Pier that will otherwise fall on the taxpayers;

- The marina should provide a lift service and the use of a travel lift and hydraulic trailer is the best option from a safety and operational standpoint for providing a lift service at Cobourg Marina.

Where's the evidence? What are the metrics?

Appendix I is missing!

Kingston's two municipal marinas are located in a "downtown" park type setting similar to the Cobourg marina. Thinc did the Kingston Waterfront plan several years ago. Thinc did not recommend boat lifts for these marinas. Why the difference?

Why is the marina responsible for the East Pier

**On pg 49**, the report states that in 2016 the marina had revenue in excess of \$676K and expenditures in excess of \$563K.

This indicates an operations surplus (profit) of \$113K

The Town's 2017 budget shows slightly different amounts for 2016 actual YTD: revenue \$660,632 and expenses \$560,347 and an operations surplus of \$100,285.

I suggest that it would be good to use the Town's published numbers.

Continuing on pg 49, the report lists some key challenges facing the marina:

- ability to safely lift boats in and out of the water. The implication is that the current crane method is unsafe. Have there been lift in/out accidents in Cobourg? Boats dropped? People injured? What is the accident history of the "crane" at other marinas and yacht clubs?

**Page 50** lists ten key initiatives for the marina:

3.1 Align the number of transient slips with demand. I agree with this as it will make additional seasonal slips available for Cobourg residents. The marina has about 70 transient slips. This is significantly more than other marinas between Whitby and Kingston.

The general practice is to have few TS.

**3.3 & 3.4 boat storage:** Use of the former works yard is a good idea. There is no indication of how many boats could be stored in the reconfigured storage yard. The total storage capacity is a key component in evaluating the business viability of this recommendation. It also impacts other recommendations such as the boat lift and additional slips.

**Pg 52 3.6 Boat lift:** The estimated cost is over \$800K, up significantly from the \$625K used in the past 2 years. As noted, the business case Appendix I is blank.

Previous boat lift business cases have been seriously flawed and have been easily dismissed. The basic fact is that a boat lift at \$625K was not financially viable. At \$800K+ the chances are remote.

As an accountant at KPMG and as a corporate controller, I have written and evaluated many business cases for capital asset additions. As a devil's advocate exercise I have tried to prepare a viable boat lift case. Couldn't do it.

**Pg 53 3.10 Additional Boat Slips** To meet demand? The waiting list of 100 is simply a sales prospect list. Any sales person will tell you that the actual number of prospects that will "buy" is substantially smaller; typically 10-20%. Reducing the number of transient slips would be the place to start and "test" the seasonal slip demand.

**Add 60-100 slips where? West harbour?**

This has been rejected by council twice in the past several years. The business case Appendix I (again) is missing. I have no doubt that, as with the boat lift, the business case for additional slips will be found to be seriously flawed and easily dismissed, similar to the flawed 2015 marina expansion business case.

These are some examples of why this committee needs to FULLY examine this report.

Do the due diligence that is so evidently needed. Evaluate the various proposals pro & con.

Report on the proposal: pro & con.

Don't merely give a rubber stamp approval to this report as the motion indicated in the agenda provides.

Advise council as this committee is mandated to do.