



Parks and Recreation Department Select

TO: Community Services Committee

SUBJECT: LaSalle Park Marina Association – Vision 2012 Update

Report Number: PR-30-11

File Number(s): 945-10

Report Date: June 17th, 2011

Ward(s) Affected: 1 2 3 4 5 6 All

Date to Committee: July 13th, 2011

Date to Council: July 18th, 2011

Recommendation:

Approve the use of City funds, up to \$150,000, for the Environmental Assessment (EA) related to a proposed permanent wave break and wild life habitat at LaSalle Park Marina, contingent on matching funds from the LaSalle Park Marina Association (LPMA); and

Authorize the Mayor and City Clerk to execute a water lot lease agreement with the Hamilton Port Authority, up to 40 years; subject to the satisfaction of the City Solicitor and the Director of Parks and Recreation; and

Direct the Director of Parks and Recreation to work in conjunction with the Director of Engineering Services and proceed through the Environmental Assessment (EA) process to determine the preferred alternative for a wave break at the LaSalle Park Marina; and

Direct the Director of Parks and Recreation to report back to Council on the outcomes and preferred options generated by the EA process and subsequent proposed funding model by LPMA.

Purpose:

- Address goal, action or initiative in strategic plan
- Establish new or revised policy or service standard
- Respond to legislation
- Respond to staff direction
- Address other area of responsibility

**Reference to
Strategic Plan:**

Relationship to Future Focus VII

Responsive Community

Goal:

City and community services, programs, parks and facilities contribute directly to the exceptional quality of life enjoyed by Burlington citizens.

Strategic Action:

2.2 – Support and encourage health, wellness and active living by all residents.

Initiative:

2.2A – Explore joint partnership opportunities for the development of recreation venues including centres of excellence for sport.

Environmental Stewardship:

Goal:

Burlington will be a clean, green and environmentally healthy city.

Initiative:

4.3 A – Establish green building standards that encourage the use of alternative building technologies, which reduce resource and energy requirements.

Background:

Over the past two years, Staff and representatives of the LaSalle Park Marina Association (LPMA) have been working through various aspects of the implications of LPMA's *Vision 2012*; which proposes the installation of a permanent wave break to protect the City's marina at LaSalle Park. The wave break also includes elements of fish and wildlife habitat, and represents potential shoal reclamation opportunities. From these discussions, two previous reports (PR-62-09 & PR-30-10) have presented updates on the issues, most notably the business cases' project funding model and LPMA's preferred solution. Previous Council resolutions have been attached as Appendix 'A'.

While LPMA's proforma statements have been updated to reflect current dollars, no previous attempts had been made to determine any requirements for the EA process; which is required for any in-water works. In September 2010, as a precondition for commitment to the EA process, Staff was directed to complete further due diligence regarding Vision 2012 options and stakeholder needs. Earlier this year, the City approved \$150,000

in the 2011 capital budget towards an EA; which, per order of magnitude estimates, represents an estimated 50% of the EA costs. LPMA has committed to provide the other 50% of the EA costs.

Since the report in September, senior Staff has met with the senior Staff from the Hamilton Port Authority (HPA) to discuss various opportunities regarding the water lots currently under the HPA's ownership. One such scenario was the transfer of water lots in exchange for the City's considerations and financial contributions to the Randle Reef project. The result of these discussions was a verbal commitment from HPA to agree to the EA process for the wave break, including an expanded marina, and to agree to a 40-year lease agreement for the water lots.

Discussion

As noted the two most important outstanding items regarding this submission are the EA process, and the funding requirements /opportunities – the latter will be dealt with under the financial matters section. While staff has continued to work with the LPMA in refining their vision and funding model, there have been no further attempts to verify the underlying assumptions made in the Vision 2012 document. It is understood that sustainable refinements to design, options and costing will be verified through the EA process. However, such things as regional analysis or demonstrated need have not been given contextual analysis. Later this month, the Town of Oakville will be leading a discussion of a “harbours feasibility and capacity study”, which will look at expansion opportunities in terms of additional mooring and boater amenities for both harbours in Oakville. From the boaters' perspective, this is seen as a capacity study for the broader region with the population growth within the region. The implications of these discussions may impact the requests for an enlarged marina at the LaSalle Park location, and may offer insights into any further requirements for business case support for Vision 2012.

Environmental Assessment (EA) Process

There are several levels of EA processes, which are dependent on the type of work being considered. Most in-water EAs at the Municipal level are a 'Class C' (or standard) process. However, due to the nature of the property ownership of the water lots (HPA) and the land below them (HPA), location as part of a Federal Navigable waterway, and the potential for Federal funding, this process will also need to follow the Federal EA guidelines. To be sure, this is another level of diligence; however, it also ensures that all stakeholders are evenly represented and that design and functional concerns can be expressed in advance. It is hoped that the Federal EA process and

strategy will produce a more robust frame of reference for the EA's Request for Proposal. In this case the environmental stakeholder group is comprised of representatives from the City, HPA, and LPMA as well as: Department of Fisheries and Oceans (DFO), Ministry of Natural Resources (MNR), Remedial Action Plan (RAP), Conservation Halton (CH), Environment Canada (EC), and the Canadian Centre for Inland Waters (CCIW). As part of the EA procedure to define the preferred alternative, park users and members of the public will be included via public consultation.

The typical process for an EA requires a focused terms of reference to be written for an RFP to be issued. Additionally, the nature of this work and the modelling required to assess the options is highly specialized in nature, and as such only a few consultants will be qualified to respond.

Based on the City's recent and cumulative experience with similar EA processes, it is estimated that the timeline for this phase will take approximately 18 – 24 months to complete and provide the preferred alternative. During the process, alternatives to the recommendations in Vision 2012 will also be considered. Prior to the selection of the consultant, it is suggested that an oversight committee be created to help guide the process, and ensure that all technical and environmental considerations be taken into account while considering the alternatives. Additionally, it will be an opportunity for potentially conflicting mandates to receive discussion and present opportunities for compromise solutions prior to the directives of the EA. This committee should include qualified members of the stakeholder group (COB, LPMA, CH, DFO, RAP).

The process will be led by a consultant, and may consist of two phases; the creation of the technical terms of reference, followed by the RFP for the EA Consultant. Although this project is an outgrowth of a J.V. relationship between LPMA and the P&R Department, the scope of the required EA is outside of capacity and expertise within the Department. P&R has been including experts from the Engineering Department to provide background and technical support in discussions with the stakeholder groups. This collaborative effort will allow Engineering the flexibility to provide an analytical review and consultative role throughout the RFP and EA process.

Stakeholder Consultation

Since the last report, Staff has met with members of the LPMA to refine their Vision 2012 document. Additionally, there have been meetings with HPA to discuss water lots, lease agreements, and the expanded footprint for Vision 2012. To date, there has been agreement in principle to work towards the Vision 2012 mandate and support for the EA process.

On June 3rd, 2011 a stakeholder meeting was convened to discuss the opportunities regarding the Vision 2012 proposal for the permanent wave break and fish habitat. While there is a consensus that, additional lake infill is not part of any preferred solution or alternative, there was also agreement that the Federal EA process is appropriate for the complexities of the site. From the Federal process, opportunities for defining

alternative mitigating factors to allow the infill could be explored. The scope and extent of the mitigating factors will be part of the preferred option and investigated through the EA process. Outstanding items to be considered as part of the process, and as expressed by the stakeholder group are summarized below:

NAME	COMMENT	EA SUPPORT
DFO	Design must be robust and consider all aspects of impacts, including social. Sedimentation and lake infill are a concern – may require mitigating factors or alternative designs	Federal - yes
MNR	Changes to fish habitat and hydrology to be taken into consideration. Primary concern is water quality and species at risk	Federal - yes
CH	Supportive of initiatives, preferred option must be a self-sustaining design	Federal - yes
RAP	Supportive of initiatives, would caution that hydrology and assessment models have changed	Federal - yes
EC	Will support DFO position – unable to attend	Federal - yes
CCIW	Primary concern is safe public access to navigable waterways. May be need for mitigation measures	N/A
HPA	Supportive of initiatives – lease agreements to be updated and finalized	Federal - yes
City of Hamilton*	Not yet available – impacts to operating lease of LaSalle Park. Current lease expires 2021.	N/A

*At the time of writing discussions with the City of Hamilton were underway, and a verbal update will be provided at Committee.

Public Consultation

Currently there have been no public consultations carried out; however, there has already been one all-party meeting, and others have been planned throughout the EA process. One of the requirements of the EA process is an extensive public consultation process.

Options Considered

Similarly, to the consultation requirement, the expected outcome from an EA process will be a presentation and analysis of various options for the wave break and wildlife habitat. As noted above, should remedial actions be required, as a result of the preferred alternative, those requirements will also be assessed.

Financial Matters:

Per report PR-30-10, Council recommended approval of the funds for the EA based on:

- Staff's continued review and due diligence
- LaSalle Park Marina Association contributing 50% of the cost
- Receiving endorsement from required regulatory agencies, and
- Public consultation

Over the past several months City Staff have hosted several meetings with stakeholders, land / water lot owners, and LPMA's board, to explore the feasibility and appropriateness of the EA strategy. Additionally, internal meetings have discussed the financial capacity with respect to the shared costs of the EA, the EA's ability to provide clarity for the project scope, and implications for future financial obligations. Staff are satisfied that, all of the above conditions have been met to proceed with the EA, with the exception of public consultation – which is deferred as part of the EA process.

Approved in the 2011 capital budget are City funds budgeted to cover 50% of the costs of the EA (up to a maximum of \$150,000), contingent on LPMA being able to fund the remainder, prior to the commencement of the study. The City's procurement process will also have to be followed and a standard RFP issued to qualified consultants.

Recently, it has been staff's experience that EA process costs are rising. Since budget approval in March, the Environment Stakeholders have met and outlined expanded approaches required for assessment of any works being proposed for Hamilton Harbour. In addition, adequate evaluation of alternatives may require some form of physical modelling – which may be required as part of the Federal EA. Depending on Staff time requirements, additional resources may need to be procured through the EA process. All of the above items could drive the full cost of the EA higher than the originally projected costs.

LPMA's board has endorsed their \$150,000 funding commitment for the EA process, and has indicated that they may have additional funds available to cover contingency costs up to \$80,000. However, items beyond the original scope have not been taken into account (e.g. modelling, Federal EA, Traffic Impact, shoreline and social impacts). At this point, until the expected outcomes have been established, and the terms of reference written to reflect that, it is unknown whether or not the existing funding envelope is adequate. That said, all associated costs stemming from increase in scope

or required evaluation processes needed for the EA, which are in excess of the originally projected budget are expected to be borne 100% by LPMA.

Although this report seeks Council's permission to move forward with the EA process, and access to the City's commitment of \$150,000 additional consideration should be given to LPMA's overall funding capacity for the entire project.

Outstanding Financial Considerations

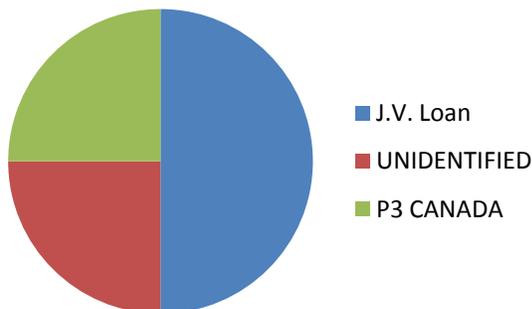
The proforma statements that have been produced and updated by LPMA, for Vision 2012, have been reviewed by the City's Finance Department and there remain some outstanding concerns:

1. The cost estimates, although at order of magnitude scale, are not recent, which questions the validity of the cost of the project at \$7M. Order of magnitude cost estimates for the preferred option will be generated as part of the EA process.
2. LPMA has included various contingency options should the cost of the project exceed \$7 million. LPMA considers their assumptions for increased revenue collections based on member surcharge and incorporating a 95% occupancy rate to be attainable to cover project cost overruns. Staff is unable to comment on the sustainability of the market and refer to the expertise of LPMA's 31-year history, on membership sustainability. In order to mitigate market concerns, over the 2011 sailing season:
 - LPMA will track their wait list interests, and
 - The City will explore information shared between regional partners as part of the Town of Oakville's proposed study
3. LPMA has identified a down payment of 15% in their funding model versus a 10% down payment noted in the City's Joint Venture Agreement Policy (PR-09-10). The down payment consists of funds drawn from the city reserve fund, and are bound by by-law 17-2005. The use of these funds would require Council's authorization and an amendment to the by-law. LPMA are aware of this requirement. The use of the city reserve funds is not recommended by staff at this time given the policy guidelines and requirement for the use of funds.
4. The financial viability of the project is based on an expanded marina footprint, which has not yet been confirmed. However, the EA process will provide clarity on implications for an increase in capacity.
5. There remains a concern of the revenue assumptions and the ability of the LPMA to support a certain level of financial viability with regards to debt. LPMA has presented a proposed financial plan which forecasts an operating model of the Marina provided that, 95% occupancy is realized. The business plan identifies the operation of an enlarged marina that can be expected to generate adequate revenues to support operating costs, capital costs and the repayment of a debenture for this project. Staff note that the projected debt expenditures accounts for approximately 50% of gross revenues. Negative revenue fluctuations and/or an increase in expenditures will have an impact on LPMA's ability to repay the debt.

A number of outstanding items above relate to the proposed expanded footprint and resultant occupancy rates. Ad hoc information gathered by LPMA notes that most, marinas in the competitive market area are at or near full capacity. There are 2924 docks located within 12 nautical miles and a verifiable waitlist of 200 in Oakville alone. The proposed additional 120 docks in Vision 2012 represent an increase of 4.1% in this market area. It should also be noted that the Town of Oakville is also exploring opportunities for increasing the size of their harbours. Staff has provided feedback to LPMA regarding the concerns of the business plan as noted above in this report. It is staff's expectations that LPMA will be addressing the outstanding issues as necessary in order to mitigate the outstanding risks associated with the business plan.

Potential Sources of Project Funding

SOURCES OF PROJECT FUNDING



Notwithstanding the comments above, LPMA's updated funding envelope identifies 50% from a J.V. loan, 25% from P3 Canada, and a 25% unidentified funding source, from partners still to be determined; which represents a 50% unsecured funding gap. As noted above, the LPMA business case requires some strengthening to ensure a greater level of readiness for possible funding opportunities. LPMA continues to source alternative funding opportunities from both private and public sectors.

At this time, the inclusion of the non tax supported funding of \$2.5 million presently requested for this project would be within the city's overall 12.5% debt limit. The timing and the magnitude of all non-tax supported funding requests will be reviewed on an annual bases as part of the budget process to ensure the City's debt capacity is managed in a prudent manner.

With respect to a future P3 funding opportunity in particular, the potential exists for a more well-positioned case to be made. As noted above Staff is committed to working with LPMA's representatives in updating and strengthening their business case. Additionally to ensure funding and application readiness and suitability, City Senior Staff are forming a committee to assess relative strengths of various proposals.

It is worth noting that over the past 2 rounds of P3 funding, characteristics of successful projects have been identified: large, complex projects, which are large enough to attract private sector financing and provide positive Value for Money (VfM). In the past, optimal VfM projects have required funding in excess of \$25M. Maximum allowable funding represents 25% of the total project costs. Preliminary discussions with P3 representatives have indicated that a \$7.0M project may lack the strength to deliver a high VfM.

LPMA will be exploring funding opportunities, one of which is the potential for loans through Infrastructure Ontario. As in the above P3 funding scenario, a corporate team will evaluate the strength and suitability of all potential City submissions.

Typical of all City-led funding applications, Senior Staff review each application to rank their relative position in relation to the City's mandates and needs. In essence an internal SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis, prior to making any recommendations or submitting an application for funding. LPMA's potential P3 or IO funding applications will be subject to the same approval process.

Other Resource Impacts

The Federal EA requirements, as well as the P3 funding mandate for government lead will require substantial Staff time. Due to recent changes in staffing in the Engineering Department and the loss of the City's EA expert this work will need to be absorbed into the overall department staffing contingent. Parks & Recreation will be the overall lead for the EA however; Engineering may have significant involvement with the EA process in framing the terms of reference as well as consultation selection. To mitigate the potential impacts to Engineering's project capacity, there may be alternative ways of overseeing the EA with an increased scope for a Consultant to do this on Staff's behalf. Finance may have significant involvement in aiding the LPMA business case as well as providing support for the various funding applications related to this project.

Still to be considered, and beyond the scope of this report would be any additional land-based infrastructure related elements required of an expanded marina. Such things as: improved washroom facilities, expanded transit services for the marina – for potential tourist access to downtown or Aldershot, or improved roadway and parking requirements have not been taken into consideration. To be sure, these items would also qualify for P3 funding and could potentially be packaged into the same ask, which in turn would substantially increase the Value for Money (VfM) of the overall project. However, all of these items would require unplanned (and unfunded) green infrastructure dollars. It would become the responsibility of the LPMA to secure the financing for any additional funding required as a result of increased scope as determined by the Federal EA. Depending on the scope of additional works an order of magnitude cost for these items (roadway, parking lot, amenity building) could range between \$6.0 – \$8.0M.

Environmental Matters:

As this project is located wholly within an environmentally sensitive area, the EA process will ensure that the utmost care is taken. There may also be opportunities to reclaim previously lost shoals and additional mitigations elsewhere along the shoreline may also be required.

Communication Matters:

These matters will be assessed and mandated as part of the EA process

Conclusion:

The EA process will provide the clarity needed to establish:

- Design implications including social impacts and associated costs
- Environmentally sustainable options.
- Funding requirements

As this process could take up to 2 years to complete, its initiation on an immediate schedule would strengthen any future funding applications.

Although there is an expectation of shovel-readiness for this project to apply for P3 funding, the application process allows for the preparation of a more robust overall project brief. Staff's ability to start the EA process now will re-coup time that would otherwise be lost to a year-long funding application process.

Throughout the year, opportunities exist to refine the business case, assess needs on a regional basis, and define the preferred solution. At each phase, should the proposed financial or business case not meet its requirements, there are opportunities to defer or withdraw City support.

The potential benefit to the City, environment, and the LaSalle Park are significant, and warrant access of the EA funds in the approved budget, up to \$150,000.

Respectfully submitted,

Karen Sabzali
 Manager, Community Development
 905.335.7600 x7518

Appendices:

A. Relevant Staff directions

Notifications:
 (after Council decision)

Name	Mailing or E-mail Address
John Birch	Sunstone@cogeco.ca

Approvals:

*required

 *Department

 City Treasurer

 General Manager

 City Manager

To be completed by the Clerks Department	
Committee Disposition & Comments	
	01-Approved 02-Not Approved 03-Amended 04-Referred 06-Received & Filed 07-Withdrawn
Council Disposition & Comments	
	01-Approved 02-Not Approved 03-Amended 04-Referred 06-Received & Filed 07-Withdrawn