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**STAFF REPORT: RECREATION DEPARTMENT**



**REPORT TO:** Infrastructure and Recreation Committee  
**MEETING DATE:** October 8, 2013  
**REPORT NO.:** DOR.13.41  
**SUBJECT:** Extension of Standardization Single Source Business Case for Thornbury Harbour Docks  
**PREPARED BY:** Ryan Gibbons, Harbour Manager

**A. Recommendations**

THAT Council receives staff report DOR.13.41 entitled "Extension of Standardization Single Source Business Case for Thornbury Harbour Docks", and

THAT Council approves a 2 year extension of the current Standardization Single Source Business Case for Thornbury Harbour Docks with T & W Enterprises including a \$2.00 per square foot increase from the previous contract pricing, and

THAT Council approves staff to include the installation of an aluminum ramp as budgeted at a cost of \$5,000.00, and

THAT Council grant pre approval for the replacement of G dock and its aluminum ramp in the 2014 municipal budget process and that the overall cost exclusive of HST does not exceed \$149,273.48, and

THAT Council authorize the Clerk and Mayor to execute the agreement with T&W Enterprises.

**B. Background**

The pre-approval for G dock is necessary for the contractor to provide the dock system by May 1<sup>st</sup> 2014. Similar to previous years, if pre-approval is granted, staff will provide the contractor with a contract for the works to complete the replacement of G dock. The contractor requires the winter season to gather materials, build, galvanize, deck and deliver the dock system for substantial completion by May 2014. An increase of \$2.00 per square foot has been requested for the 2 year extension that would include the 2014 and 2015 proposed dock projects, increasing the square footage costs from \$38.21 per sqft to \$40.21 per sqft. Attachment 4 of this report identifies the rationale that the increase is based on. Staff supports the contractors rationale and also identifies that this is the first increase requested since 2008.

This project is identified in report DOR.13.06 Water Levels Affecting Thornbury Municipal Attachment 1 "Thornbury Harbour Financial Plan".

In 2003 the Harbour began a dock "re-floating" program. The purpose of this program was to extend the life of the docks. This extension would last 5 - 10 years at most.

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The Harbour is now completely replacing the docks with galvanized steel frame docks.

This is a capital project which is phased out over a nine year period. H dock was replaced in 2007 by Huron District Contractors, E dock was replaced in 2008, F dock in 2009, B dock in 2010, C dock in 2011, D dock in 2012, A dock in 2013, G dock 2014 and I dock is proposed to be replaced in 2015.

The service years for docks are as follows, (with variances depending on the environment) wooden frame – 10-15 yrs., painted steel frame 20-25 yrs., steel galvanized frame 50+ yrs.

Schedule E of the Purchasing of Goods and Services Procedures (FS.08.08 as revised June 2012) states:

*A staff report and approval will be required to support the need to follow a "standardization" method of "single" sourcing a particular product, service or support activity, whereby a particular source of supply may be identified based on technical specifications or significant previous knowledge and experience about the project or assignment.*

The standardization of the docks in the Thornbury harbour has given the Town the opportunity to be guaranteed a frame that will last approximately fifty years, create uniformity in the harbour, gives the docks appropriate flotation and many other preferred amenities. Based upon the products that have been installed since 2008, all of these above noted preferences have been met.

The use of T&W's proven product provides staff the opportunity to create a long term Capital plan that staff has confidence in. The product is structurally adequate for this application and will in staff's opinion last the full fifty years with only decking being replaced. The product is versatile and will be able to withstand off season damage with respect to ice movement within the harbour with minimal damage to structural components of the product. The strong structural integrity of the product creates stable finger docks. A stable finger dock will reduce the chance of falling into the water with inherent town risks and creates a safe comfortable docking space for boaters when returning from or setting off on a cruise.

Staying with a single source supplier also gives the Town the opportunity to create uniformity within the harbour. A uniform facility creates the professional look that the Thornbury Harbour needs to continue being a sought after destination for seasonal boaters, transient boaters, as well as the rest of the recreation community who enjoy the facility for its many other uses which include walking, cycling, fishing, swimming and picnicking.

T&W's product is floated with a multi chambered floatation system. This system creates a minimum disturbance to daily business if part of the floatation is compromised. Each main dock is fitted with fourteen (14) barrels and each finger dock is fitted with ten (10) barrels. If one of these floatation devices is compromised the daily user will not be affected. This is an aspect of the product that is unique, reducing risk exposure and

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allows staff the opportunity to consider risk issues if any and appropriately schedule a repair if time were not available to change the device immediately.

T&W have created a product that is seamless in its transitions between main sections to main section as well as from its main section to its finger docks. This seamless construction provides maximum flexibility and minimizes trip hazard risks on the dock, which ultimately creates a safer and more inviting environment for all of our users and all of our staff.

The product allows the Town the capability to run all of the Town's utilities (water, hydro, etc) beneath the surface decking in a utility chase. This again will result in a safer more inviting environment for all users and staff. The utilities will be brought up from underneath the dock to connect to all appropriate receptacles again reducing trip hazard risks. The utility chases will be accessible from the top of the dock for any required maintenance or upgrades.

T&W will be providing a (5) year warranty guaranteeing the structural components of the docks as well as a (5) year warranty on the floatation.

T&W has been selected based on the Town's previous experience in their product, their competitive pricing as well as their availability to provide installation and onsite maintenance.

The 10 sets of docks have various anchoring systems, each of the anchoring systems are unique to the dock system that they secure. Staff have identified in the Capital budget that the dock anchoring systems will be replaced when each dock is replaced. The anchoring system has to be compatible with the dock system for several significant reasons:

- 1. The placement of the anchors has to be consistent with the finger docks, if the anchors are not directly under the finger docks they cause issues for navigation directly and from the anchor chains crossing through the docking area.
- 2. The placement of the anchors directly affects the location of the chains and where they attach to the main docking system; if the anchors are installed incorrectly they will compromise the floatation for the docking system causing the system to fail.
- 3. The attachment points on the main docking system were designed for a specific anchor placement.

These previous points that have been outlined identify why significant previous knowledge of our docking system and the equipment used specifically in this project are recommended.

Currently G dock has 10 slips - 25' in length, 16 slips – 32' in length and 2 slips – 38" in length. This project also includes the supply of a new accessible access ramp that allows all users to easily access the dock.

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**C. The Blue Mountains' Strategic Plan**

Addressing the Town's municipal infrastructure needs.

Supporting the development of social and recreational programs to meet the broad range of needs in the community.

Ensuring long-term financial sustainability.

**D. Environmental Impacts**

The new design of the docks provides approximately 18" of freeboard which keeps all framing and decking material out of the water, only leaving the floatation partially submerged. This removes pressure treated lumber from the fish habitat and should provide a healthier environment.

Within the contracts for the dock replacements we provide our environmental code of ethics as well as environmental awareness conditions that must be agreed to prior to the commencement of the projects.

**E. Financial Impact**

All funds are User Fees  
Total Project exclusive of HST: \$149,273.48

**F. In Consultation With**

Shawn Everitt, Director of Recreation  
Robert Cummings, Director of Financial and Information Technology Services

**G. Attached**

1. G Dock Concept Drawing
2. Harbour Layout
3. DOR.13.06 Water Levels Affecting Thornbury Municipal Harbour
4. Letter from T & W Enterprises (Contractor) Thornbury Rate Increase

Respectfully submitted,

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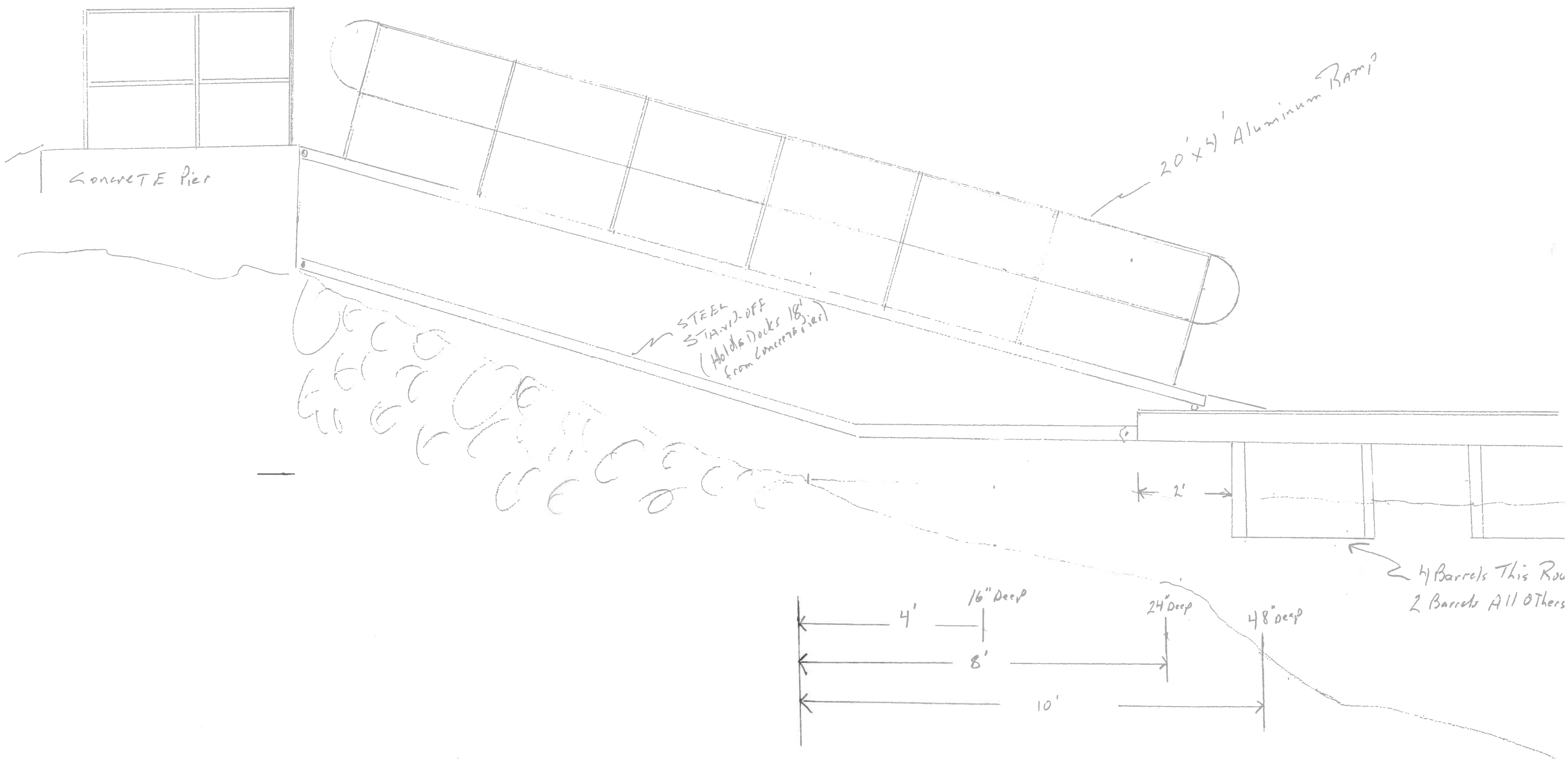
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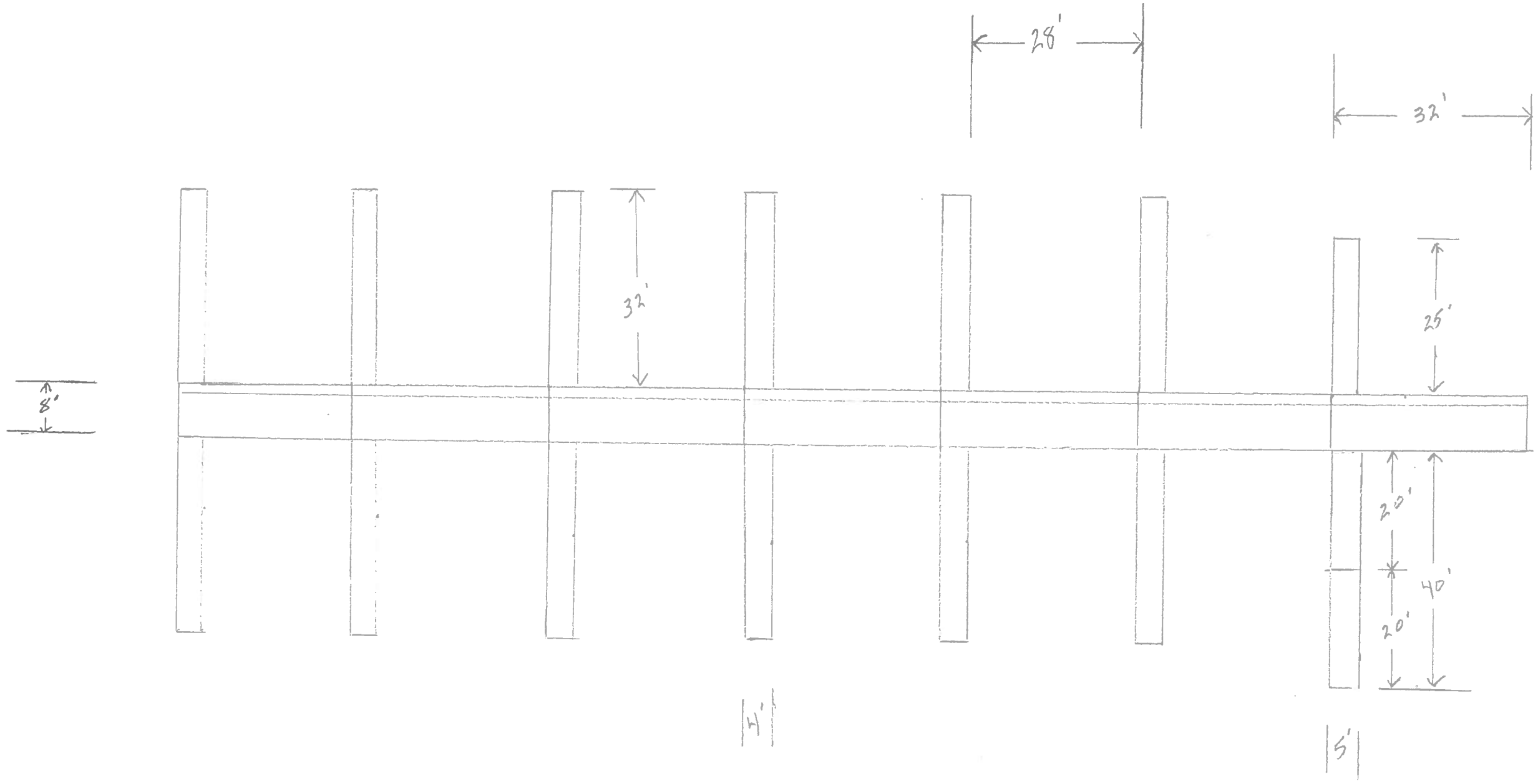
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Shawn Everitt, Director of Recreation

Thornbury HARBOUR  
 G Dock Concept Drawing  
 STANO-OFFS / Ramp / mains position  
 September 2013  
 SCALE 1" = 2'

DOR.13.41  
 Attachment # 1





Thornbury Harbour  
G Dock Concept Drawing  
September 2013  
SCALE 1" = 20'







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**STAFF REPORT: RECREATION DEPARTMENT**



**REPORT TO:** Council  
**MEETING DATE:** February 11, 2013  
**REPORT NO.:** DOR.13.06  
**SUBJECT:** Water Levels Affecting Thornbury Municipal Harbour  
**PREPARED BY:** Ryan Gibbons, Harbour/Cemetery Manager

**A. Recommendations**

THAT Council receive Staff Report DOR.13.06, "Water Levels Affecting Thornbury Harbour";

AND That Council approve the Thornbury Harbour Financial Plan;

AND That Council authorize staff to tender for dredging services;

AND That Council authorize the Mayor and Clerk to execute an agreement to complete dredging services required to continue safe and standard operations in the Thornbury Harbour.

**B. Background**

In 2008 staff presented Council with report DOR.08.06 entitled "Harbour Water Level" The Report noted at that time the water levels were 175.70 metres, (For navigational safety, depths on a chart are shown from a low-water surface or a low-water datum called chart datum. Chart datum is selected so that the water level will seldom fall below it and only rarely will there be less depth available than what is portrayed on the chart. Chart datum for Lake Huron is 176.00 Metres) and that level was reached again in October 2012. In January of 2013 the levels reached an all-time recorded low of 175.54 metres. This data has been monitored by the United States Army Core of Engineers and the Department of Fisheries and Oceans Canada, Canadian Hydrographic Service since 1918.

During our October Haul-out we experienced issues with 10-12 boats running aground when attempting to get to different areas of the harbour, either to the mast crane on the West side of the Harbour, the hauling area on the North side of the harbour or the hauling area on the East side of the harbour. Boats also experienced some difficulty exiting the harbour from the launch ramp. Based on projections, we anticipate that vessels with 1.52 metre (5' five foot) draft will be affected by the declining water levels and entering and exiting the harbour will become a safety issue. This accounts for 20% (43 boats) of the boats in the harbour and 25% of our annual revenues. At our 2012 rate of \$53/foot this would amount to approximately \$76,000.00. The boats that would be affected for hauling and launching would account for 45% of our land storage revenues amounting to approximately \$14,000.00.



In October Staff were able to haul all vessels with some troubled by the low water and there was optimism that water levels had hit a low. Unfortunately this was not the case, as water levels continued to drop at a dramatic rate and now we are seeing record lows in Lake Michigan, Lake Huron and Georgian Bay directly impacting Thornbury Harbour's operations.

Based on the projections in the attached graph we anticipate water levels to be below October's levels.

In 2007 staff provided Council with Staff Report HAR.07.38 "Harbour Financing Strategy" and that report advised Council of the Thornbury Harbour's annual operating costs, revenues, revenue options and our projected capital costs/projects. These projections did not include the possibility of dredging. Financial services has now provided a revised plan with up to date costs, revenues and provides a 20 year projection including dredging with a suggested revenue stream to recover the costs of the capital projects, dredging as well as building a reserve fund.

Accordingly, staff recommend that the Town dredge the harbour in the spring of 2013. It is anticipated that the cost of dredging will be in the range of \$200,000 to \$270,000. Staff propose to tender for the dredging service and report back to Council for award of the successful tender. The cost of dredging would be paid from debt financing as described in the attached 2013 Thornbury Harbour Financial Plan.

### **C. The Blue Mountains' Strategic Plan**

Goal 2. Addressing the Town's municipal infrastructure needs.

Goal 4. Supporting the development of social and recreational programs to meet the broad range of needs in the community.

Goal 5. Ensuring long-term financial sustainability.

### **D. Environmental Impacts**

All dredged material will be removed in accordance with Federal and Ministry regulations and if the material is suitable will be re-used for fill.

### **E. Financial Impact**

See attached Thornbury Harbour Financial Plan

### **F. In Consultation With**

Troy Speck, CAO  
Shawn Everitt, Director of Recreation  
Robert Cummings, Director of Financial and Information Technology Services  
Darcy Chapman, Capital Accountant

**G. Attached**

Attachment 1 Thornbury Harbour Financial Plan  
Attachment 2 Staff Report DOR.08.06 Harbour Water Level  
Attachment 3 USACE Water Level Forecast  
Attachment 4 Staff Report HAR.07.38 Harbour Financing Strategy

Respectfully submitted,

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Signature  
Ryan Gibbons, Harbour Cemetery Manager

**For more information, please contact:**  
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519-599-3131 ext 288  
[rgibbons@thebluemountains.ca](mailto:rgibbons@thebluemountains.ca)

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Signature  
Shawn Everitt, Director of Recreation



# THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

## THORNBURY HARBOUR FINANCIAL PLAN

This Financial Plan was approved by Town  
Council on **February 12, 2013**

This Financial Plan was prepared by:

Finance & IT Services  
and Recreation Departments

Town of The Blue Mountains  
32 Mill Street,  
Thornbury, ON  
N0H 2P0

A copy of this Financial Plan is available at [www.thebluemountains.ca](http://www.thebluemountains.ca) and is also available for pickup at the above address

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## 1. Introduction and Summary

This Financial Plan has been prepared to address The Corporation of the Town of The Blue Mountains' (Town) Thornbury Harbour site and associated amenity spaces. The financial statements included in this plan provide great detail in outlining a 20 year plan incorporating annual operating and capital projection.

This Financial Plan utilizes the guidelines of the Public Sector Accounting Board's accounting standards PSAB 3150 for Tangible Capital Assets (TCA). PSAB 3150 ensures municipalities and ratepayers are more aware of the investment in physical infrastructure and the cost of using an asset to provide services over its useful life. Furthermore, it also encourages long-term planning for capital renewal and replacement.

The plan laid out in this document, and its associated appendices will maintain the Thornbury Harbour for current and future residents and users. The Blue Mountains is a firm believer that financial planning is essential to ensure that its various services provide value not just for today's customers but also for future generations. The Town's financial plans represent a balanced approach to the installation of new infrastructure in conjunction with the Town's Official Plan, Zoning By-laws, Development Charge Studies, 2006 Leisure Activities Plan and the investment and renewal required to sustain existing infrastructure. System improvements are also contemplated to improve the customer experience. Reliable infrastructure and performance of the harbour assets are key elements to not only economic development but also quality-of-life and safety in the community. The Financial Plan is a summary of various capital and operational programs already approved and implemented by Council or those that are in draft form or will be completed in the near future.

As needs change and evolve, so too, will this plan. This plan will be updated at a minimum every five years.

### 1.1. SERVICE CONTEXT

The ability to provide a safe and accessible harbour is a very important service to the Town. Harbour users expect a well maintained harbour basin that provides basic amenities such as hydro, washroom and shower facilities. They also expect and trust that the Town will provide a level of safety and security for their property located at the harbour. Residents and visitors alike also expect that the public open space surrounding the harbour basin is available for use and enjoyment. It is this responsibility that guides staff in its day to day operations, long term planning and recommendations to Council. Below is a description of the objectives and principles of the Thornbury Harbour as well as a description of the organizational make-up of the staff involved in supplying harbour services to the boaters, residents and visitors of the facility.

### **1.1.1. THORNBURY HARBOUR OBJECTIVES AND FINANCIAL PRINCIPLES**

Below are the broad objectives and financial principles for the Thornbury Harbour that will guide decision making into the future:

- i. Pay-as-you-go for operating and routine life cycle expenditures,
- ii. Strive for inter-generational equity to avoid burdening future generations in order to benefit current users,
- iii. Use debt to smooth out cash requirements for large infrequent life cycle or system improvement projects,
- iv. Build reserve funds to provide cash for emergency repairs and/or moderate cash requirements for intermittent medium sized projects,
- v. Set rates to ensure achieve financial sustainability,
- vi. Address cash requirements for new legislation driven improvements at the time that they are known and use reserve funds or debt as appropriate,
- vii. Commit to life cycle infrastructure renewal needs irrespective of usage trends since dock and structure deterioration is generally insensitive to the amount of use,
- viii. Commit to life cycle infrastructure renewal needs since it is less expensive to renew infrastructure that is approaching the end of its useful life than to attempt to maintain and repair it;

### **1.1.2. OPERATIONS**

The Thornbury Harbour is owned by Department of Fisheries and Oceans (DFO) and is managed and operated by The Corporation of the Town of The Blue Mountains through the employees of the Town. The Harbour supplies seasonal and transient mooring along with various secondary services including fuel, pump outs, seasonal land storage and launch facilities. Staff is responsible for delivery of services and maintenance of the harbour area including boat dockage, fish cleaning station, public park space, public washroom and shower facilities and the main Harbour Master office and meeting space. In addition to this, staff is also responsible for both preventive and unplanned maintenance of the aforementioned elements.

### **1.1.3. ENGINEERING & CAPITAL**

The Thornbury Harbour is provided with engineering services through the Engineering & Public Works Department or in conjunction with third party engineering firms. Overall responsibility for the capital projects fall under the Town's Recreation Department or the Harbour staff. This work can include life-cycle renewal of docks, capital projects for buildings, like expansion or refurbishment, and system improvements to increase safety and access to the harbour such as security lighting or dredging projects. The Harbour is also responsible for maintaining the Tangible Capital Asset database, Capital Plan and Long Term Forecast in conjunction with the Town's Finance & IT Services Department.

## **1.2. HISTORICAL PERSPECTIVE**

### **1.2.1. OVERVIEW**

The Blue Mountains was formed by the amalgamation of the former Town of Thornbury and former Township of Collingwood in 1998. Although considered a Federal facility given its ownership by the Department of Fisheries and Oceans, the harbour was operated by the former Town of Thornbury starting in the mid 1980's. The initial facility consisted of nothing more than the marina basin which included necessary docks, ramps and launch facilities.

In 1987, the Town undertook a massive upgrade to the facility with the construction of both the Harbour Master office and meeting space and the shower house and public washroom facilities. In 2006 a fish cleaning station was constructed with the assistance of the local Kinsmen Club. Since 2007 the harbour has been undergoing a dock rehabilitation program by replacing all main and finger docks over a period of 8 years ending in 2015. The Thornbury Yacht Club constructed an outdoor pavilion on the grounds in 2012 and donated it to the Town for general purpose uses in 2013.

Numerous upgrades have been completed at the harbour including additional dockage, trail connectivity and resurfacing of the harbour pier.

### **1.2.2. HARBOUR BY-LAWS & REGULATIONS**

The regulation of use of the Harbour falls under By-law 2008-44 "to provide for the management, controls, regulations, maintenance and usage of parklands, trails, open space properties and other public facilities owned and or leased by the Town". Subsequently, the Town wide Imposition and Collection of Fees and Charges for certain Municipal Services and Activities By-law establishes the various fees and charges for the harbour on an annual basis. Lastly, the Licence of Occupation for Seasonal Mooring institutes the regulations of individual boat owners moored at the harbour.

### **1.2.3. INFRASTRUCTURE DEFICIT**

An infrastructure deficit is the difference between infrastructure funding needs and reserves or anticipated revenue generation. This is often referred to as an infrastructure gap. Like many other municipalities, the Town has a significant infrastructure deficit. Town Staff is aware and has studied this deficit and there are currently long term plans being carried out to close that funding gap over time. The 2007 Harbour Financing strategy identified that the dock replacement program was going to place significant strain on the budget with an estimated shortfall of \$475,000 by 2015. This gap was determined to be in the range of \$60,000 annually. During the process Council determined that a financing option which would see rates increase from \$37/foot to \$45/foot or an almost 25% increase was required. The strategy also went on to further recommend annual increases of \$2/foot to ensure stability by 2015. To this point, Council has maintained the philosophies in the 2007 report and has increased the rates at the prescribed levels.

## 2. Harbour Needs and Revenue Requirements

The Thornbury Harbour contains over 5700 feet of dockage and required peripherals, 4 public use buildings and more than 2300 metres of walking trails. The average age of the harbour components is approximately 13.6 years old with some components over 25 years old. The 2007 Financing Strategy was completed to determine the long term financial needs of the Thornbury Harbour as it related to dock replacement and subsequent debt financing of such. This report identified an infrastructure deficit of approximately \$475,000 by 2015. The needs of the harbour have also evolved since then. This section provides a summary of some of the needs and requirements that constitute the priorities of Harbour programs and budgets. These are Council approved programs which are ongoing in many cases or have a firm completion date. These programs form key components which drive the Financial Plan to achieve financial sustainability by 2032.

### 2.1. CAPITAL ACTIVITIES

The 20-year Capital Plan identifies five capital activities listed below to mitigate maintenance problems, health and safety concerns and potential performance deficiencies, including:

1. Dock replacement to address floatation failure potentials;
2. Dock decking replacement to address health and safety concerns from deteriorating wood products;
3. Fuel delivery system rehabilitation and or replacement to address health risks associated with fuel spills or leakage;
4. Enhancement of services and/or amenities identified through the Harbour Master Site Plan; and
5. Dredging of the harbour basin to ensure long term use of the facility for deep draft vessels.

#### 2.1.1. ASSET MANAGEMENT

To enable the delivery of services to all, the Harbour has significant assets, including: Harbour Master office; Shower Building and Public Washrooms; Outdoor Pavilion; Fish Cleaning Station building; 1530 metres of limestone trail; 810 metres of sidewalk/concrete walking trails; gravel and asphalt parking areas; over 2100 feet of main dockage and 3590 feet of finger/slip dockage including all necessary anchoring systems, ingress/egress ramps and hydro outlets. These assets are referred to as capital.

The capital asset management plan was developed in conjunction with the requirements under PSAB 3150 – Accounting for Tangible Capital Assets (TCA). Over the long term, it has also been determined that there will be a need for significant expenditures related to dredging the harbour basin to ensure long term access of larger or deep drafted boats. Long range plans have incorporated capital and operating

expenses as a result of environmental pressures that will be placed on the Harbour over the next 20 years until the anticipated water level issues in the Great Lakes have been resolved.

The renewal and rehabilitation of the Town's various services and system had been reviewed and summarized in the following report: The Blue Mountains Asset Management Plan, dated April 18, 2011.

The Blue Mountains Asset Management Plan was prepared to determine long range infrastructure strategies, current technical and financial practices with a goal to maintain, upgrade and operate the Town's physical assets in a cost-effective manner. The strategy for the harbour relates to a 20 year forecast for the replacement and / or rehabilitation of the various docks, ramps, anchoring systems and hydro services. As well, the forecast outlines the necessary replacement or refurbishment of buildings, machinery, equipment, land improvements and vehicles under the control of the Harbour based on useful life expectancies as established in the Town's TCA Policy (see Appendix A – Table 1).

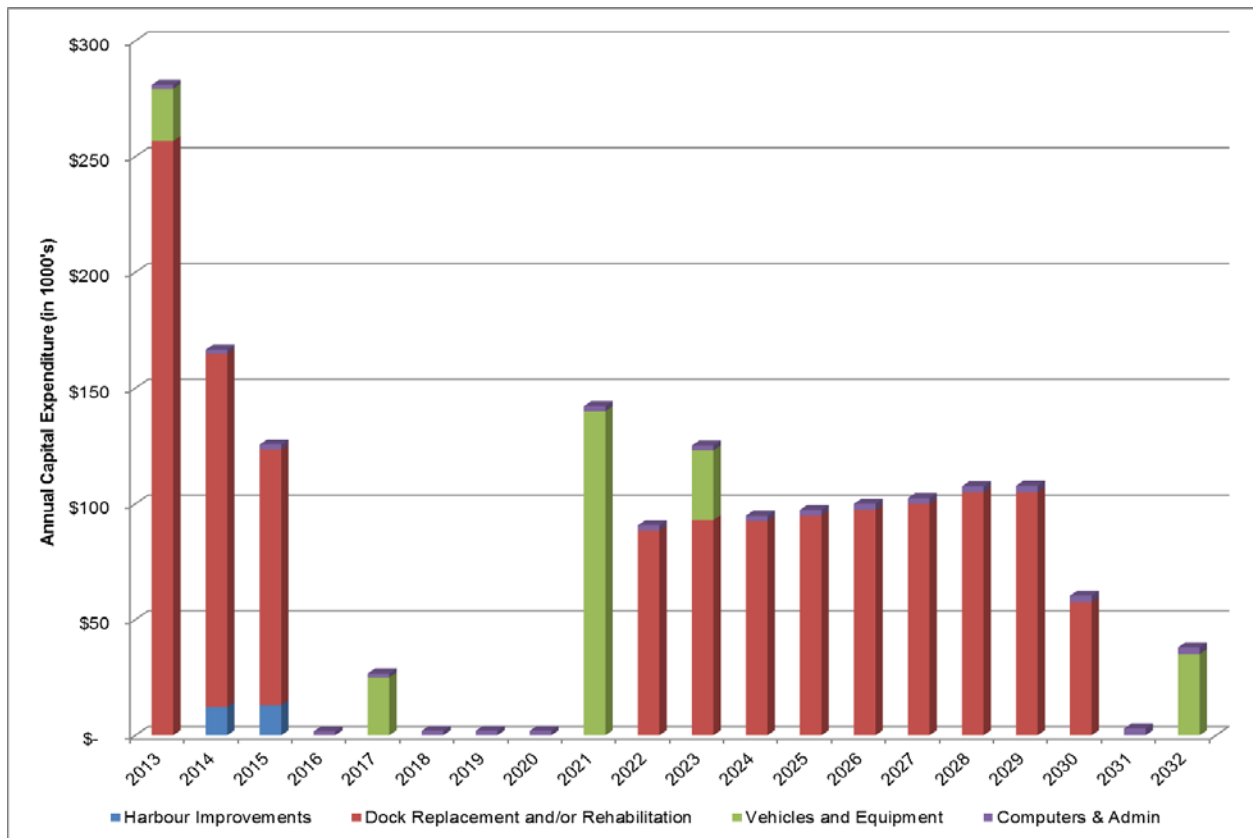
The Harbour 20 Year Capital Plan was compiled and established by gathering information on all relevant assets through the TCA process. An internal condition assessment was performed for the docks, buildings, equipment, vehicles, and all other assets resulting in the determination of maintenance and renewal needs up to 2032. The plan also outlines the requirements on user rates for projects related to system improvements and dredging requirements.

Over the next twenty years, there is significant capital costs required to upgrade and maintain the Harbour. On average, approximately \$84,000 of capital investments will be incurred each year. These expenditures will help to maintain the existing level of service to boaters, residents and visitors of the Town in the short term and the long term, and will be performed in a cost-effective manner through priority planning and integration with other potential Town department upgrades.

Figure 1 below summarizes the type and amount of expenditure required each year to renew or rehabilitate the existing infrastructure within the 20 Year Capital Plan.



**FIGURE 1**



Ultimately, harbour staff will prioritize the replacement of assets in the future by implementing an infrastructure condition assessment program. This will start with the oldest known assets and move systematically towards a full catalogue that can be updated annually. This broad based project will use data relating to all harbour assets rating them based on several attributes determined by Staff. The attributes will include factors such as age, material, known maintenance issues and importance factors.

Harbour staff keep abreast of the newest technological innovations in both dock reconstruction and rehabilitation and is always looking for ways to apply these to reduce the costs of asset management of the dockage system in the long term and reduce impacts on the environment and our users. Such an example would be the use of wood composite materials or non-pressure treated woods fused as dock decking or galvanized metals which have longer expected lifespans or are less harmful to the environment.

### **2.1.2. HARBOUR IMPROVEMENTS**

While it is important to maintain the harbour and it's amenities in working condition, it also at times becomes necessary or desirable to improve the various systems. Some of these improvements are driven by senior government legislation while others are driven by needs at the local level.

The existing Thornbury Harbour was operated by the former Town of Thornbury starting in the mid 1980's. The initial facility consisted of nothing more than the marina basin which included necessary docks, ramps and launch facilities.

In 1987, the Town undertook a massive upgrade to the facilities with the construction of both the Harbour Master office and meeting space and the shower house and public washroom facilities. In 2006 a fish cleaning station was constructed with the assistance of the local Kinsmen Club. The Thornbury Yacht Club constructed an outdoor pavilion on the grounds in 2012 and donated it to the Town for general purpose uses in 2013.

Numerous upgrades have been completed at the harbour including additional dockage, trail connectivity and resurfacing of the harbour pier. Further plans are in place to enhance the overall harbour space including security lighting, and upgrades to hydro outlets on various docks. More importantly, the Town will be completing a Leisure Activities Master Plan update in 2013-2014 which will include the creation of a "Thornbury Harbour Master Site Plan". This work will be carried out with the intention of meeting the needs discussed in the Town's Community Improvement Plan and more specifically through the Public Realm Improvement Initiatives. It is anticipated that the Master Site Plan will provide long term direction on Harbour enhancements as it relates to functionality of the space for boaters, residents and visitors within the open space and parking areas at the facility as well as reviewing any potential Harbour basin expansion or second basin construction.

### **2.1.3. ENVIRONMENTAL PRESSURES – DREDGING, A CRUCIAL ISSUE**

It is now known that the harbour will require periodic dredging in order to maintain the depths necessary for boating operations. Currently, it is expected that the harbour needs to be dredged about every ten years.

The high cost of dredging is partly a consequence of reduced competition in the dredging business and partly the result of more stringent environmental requirements. In particular, the Provincial Government's prohibition on the disposal of dredge material in the lake reportedly had a significant effect on costs. Should costs rise at the rate that is too high, the long-term viability of the harbour could be compromised.

Like all other aspects of the harbour's operating costs, dredging is the responsibility of the users. To finance this, ten-year debentures will have to be issued and then repaid from annual user fee revenues. Users may also have to make voluntary contributions towards dredging costs on a per-boat basis. It is recommended that meeting with the yacht club to discuss possible provision be made to request the club pay an appropriate annual share of dredging costs.

In light of the importance of dredging to the harbour and the scale of the costs involved it is further recommended that a detailed review be undertaken of the dredging issue.

This review should, among other things, consider:

- Are there alternative less costly ways to handle dredging over the long term? For example, the use of a small dredger on an annual basis might enable the interval between major dredges to be extended.
- Could the Provincial Government be persuaded to again permit disposal of dredge material in the lake?
- Would it be cost-effective and practical to operate a collective dredging operation with other public or private Georgian Bay harbour's that have dredging requirements?

## **2.2. OPERATIONS AND MAINTENANCE**

Operating expenses typically detail the on-going, day-to-day expenses associated with the provision of services at the harbour. Items such as equipment and vehicle maintenance, insurance and utility costs are included in the operating expenses. As expected, being that the harbour is a service driven facility, the single largest expense driver is wages and benefits. A major component of the operating budget is the rent paid to the DFO for the facility. The current agreement, which is standard for all Federal harbour facilities, requires the Town to remit 20% of all gross revenues relating to mooring to the DFO annually.

Maintenance is generally divided into two major categories, preventive maintenance and unplanned maintenance. These two categories are described in more detail below.

### **2.2.1. PREVENTIVE MAINTENANCE**

Preventive maintenance represents a proactive approach to maintaining the harbour. Acts of preventive maintenance often address issues before they cause a major problem or breakdown and can result in significant cost savings. Below are some of the key programs that fall under this heading.

- Regular inspection of all facilities.
- Spring and Fall maintenance is conducted and is comprised of two components:
  1. Opening/closing maintenance, and
  2. Frost checks during freezing months.
- Docks are re-chained to allow for movement during freeze/thaw cycles and water level changes.
- Fall water removal and plumbing fixture removals
- Monthly fuel dips in off season.
- Fuel system inspections are performed by contracted companies, at a minimum frequency of every two (2) years.

### **2.2.2. UNPLANNED MAINTENANCE**

Unplanned maintenance typically consists of repairing docks due to ice damage and/or low water levels or other deficiencies (e.g. leaking roofs, plumbing breaks, etc.) that are reported by the harbour users, public, or Town staff. For facilities, required maintenance work may be identified by staff during regular visits to the facilities. Often unplanned

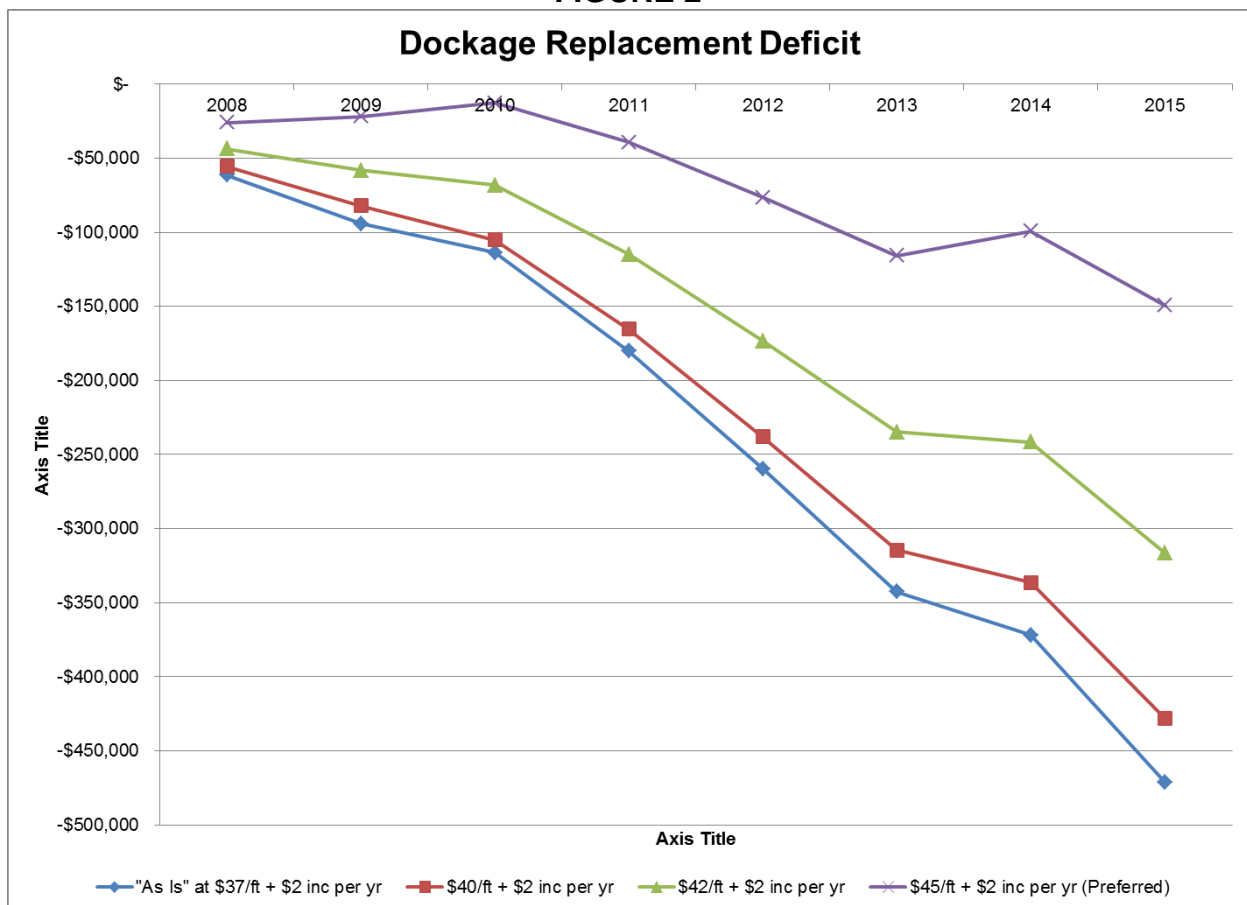
maintenance can be costly and disruptive for the customers, which is why significant effort and focus is put on preventive maintenance.

### 3. Financial Model and Budget Process

#### 3.1. FINANCIAL MODEL

The Harbour through the assistance of Finance & IT Services maintains a financial model to aide in long-term forecasting and budget consultations. Principles supporting this model were adopted by Council through Report HAR.07.38 “Harbour Financing Strategy” from August 23, 2007. The plan was used in budget deliberations for all budgets commencing with the 2008 process. It is anticipated that this new plan, along with regular updates will prove to be a very useful tool in assessing the future financial health of the harbour. The 2007 report initially illustrated several different scenarios to help Council understand the impact of rate increases both in the short term and the long term and was utilized annually to allow educated decision making while establishing the annual budget. Figure 2 illustrates the three financial model scenarios that displayed the effect of different rate increases over time. These scenarios were presented to Council in June 2007 as part of the Harbour Financing Strategy.

**FIGURE 2**



## **3.2. BUDGET PROCESS**

The rates charged for the Harbour support costs can be broken into two broad types of expenditures, Capital and Operating. In the budget process these two expenditures are approved by Council at the same time and venue.

### **3.2.1. OPERATING BUDGET PROCESS**

Operating Costs are generally those costs that relate to the operational issues of providing the required service level expected for the current year including the staff, supplies and other costs required for management and maintenance of the harbour and its facilities. These expenditures do not increase the value of the facility or the life of such, but are required to ensure the reliable delivery of services to the users and the general community and achieve the anticipated life of the infrastructure components. It is generally accepted that due to the immediate benefit and short term impact of operating expenditures, they will be funded through the collection of user rates within the year the costs are incurred.

The Harbour Operating Budget can be divided into the following categories:

- Salaries, Wages & Benefits
- Personnel Costs
- Administration & Communication
- Merchandise Inventory
- Financial & Insurance Expenses
- Equipment & Vehicle Costs
- Premises & Utility Expenses
- Interest Expenses

In addition to these categories the Income Statement for the Harbour will include amortization of Tangible Capital Assets (TCA) consistent with PSAB Section 3150. The 2011 Budget was the first year in which amortization had been included as it was a new consideration for municipalities.

The budgets for Salaries, Wages & Benefits, Personnel Costs, Administration & Communication, Interfunctional Transfer, Merchandise Inventory Costs, Equipment & Vehicle Costs and Premises & Utility expenses are typically driven by inflation and in some cases changes in operations. Interest expenses are driven by the planned borrowings to support the Capital Plan.

The annual budget is developed through consultation with the various stakeholders and a public participation process is undertaken prior to approval by Council. It is generally the practice to undertake this approval in December of the year prior to the effective year of the budget in order to implement rate increases prior to the billing process for the following year's annual mooring charges.



### **3.2.2. CAPITAL BUDGET PROCESS**

Capital Costs are those expenditures which are believed to increase the value of the harbour, improve the services provided, replace existing assets and/or extend the lifespan of those assets.

The Harbour 20 Year Capital Plan is developed based on various studies such as the Leisure Activities Master Plan and Community Improvement Plan along with the Tangible Capital Asset data and corresponding asset useful life assumptions. On an annual basis projects are reviewed and adjusted to reflect changes in the background information, inflationary impacts, changing priorities within the Town and coordination with construction plans of other Departments, primarily Parks & Recreation. The resulting annual Capital Budgets are approved by Council following the public participation process.

### **3.3. REVENUES AND RATES**

The majority of the revenues for the Harbour prior to 2007 were based on historical rate adjustments to reflect neighbouring marina rates so long as the annual operating costs were recovered. In 2007, the Harbour undertook a financial exercise to determine long term needs of the facility and subsequently a Harbour Financing Strategy was approved by Council and endorsed by the users. The majority of revenues are derived from mooring fees on a per foot basis for both seasonal and transient users along with seasonal land storage. Revenues are therefore the product of the rates charged and the quantity of dockage utilized.

Annual rate increases have been based on the Harbour Financing Strategy. Further increases will be determined through the consolidation of the long term asset management strategy as contained in the Town's Asset Management Plan which considers the funding needs for both Operating and Capital. The need to build adequate Reserve Funds and to maintain appropriate levels of debt as well are also built into the rate within the long term financial plans.

## **4. Capital Financing**

The expenditures required to maintain and improve the harbour represent more than one third of the total revenues collected from user rates.

### **4.1. FINANCING OPTIONS**

The 20 Year Capital Plan has been divided into three categories described in Section 2.1:

- Asset Management (Lifecycle Renewal)
- Harbour Improvements
- Environmental Pressures

There are a number of available sources of financing for Capital Works. The benefits, uses and costs associated with each source are summarized in Table 1.

**TABLE 1**

<b>Financing Options for Capital Categories</b>					
<b>Category</b>	<b>Pay-As-You-Go</b>	<b>Reserve Funds</b>	<b>Debt</b>	<b>Government Funding</b>	<b>Special Rate Charge</b>
Asset Management	Yes - Preferred	Yes	No (1)	Yes, if eligible	No
System Improvements	No (2)	Yes	Yes	Yes, if eligible	Yes
Environmental Pressures	Yes	Yes	Yes	Yes, if eligible	Yes

Notes:

(1) Could be considered if the asset to be renewed has a major expenditure with long life providing benefit to a large number of users. This form of debt repayment should be applied to a minimum time frame to ensure long term repayment pressures do not occur.

(2) Could be considered if of a minor nature (<\$10k)

Financing decisions for Capital Works are based on a number of considerations including:

**1. Is it an Asset Management (Lifecycle Renewal) project?**

- The preferred funding source for Lifecycle Renewal works is Pay-as-You-go. This funding is from the current year's revenues. This ensures that the users who are benefiting most are paying for the works.

**2. What is the life span of the project?**

- When a project has a significant life span and funding is not otherwise available it may be appropriate to issue debt, thereby transferring costs to future benefitting generations.

**3. Are there available funds from other levels of government?**

- From time to time senior levels of government will invite applications for funding. These funding sources often have stringent criteria for eligibility and timing of works. Alternatively, ongoing funding is provided through some programs such as the Federal Gas Tax. Although given the fact that the harbour is a user pay facility with relative low debt, Town Council has chosen not to allocate Federal Gas Tax funds to harbour infrastructure to date.

**4. Does the project benefit specific users?**

- Some works are undertaken which benefit users of a particular subset. Examples of this type of work would be dredging to allow for deep draft boats, hydro services, or particular structures benefitting the users. In some cases the users will contribute to the funding of those works through Special Rate Charges enacted through the annual municipal Fees and Charges By-law.

## 4.2. INTER-GENERATIONAL EQUITY

A guiding principle for financing decisions is the concept of generational equity for municipal capital works intended to equitably distribute the costs across present and future users. This means that the generation which will receive the most benefit of the works should bear the majority of the cost of the works. This is a connecting point for the Harbour's 20 year forecast. Looking at a medium term plan of only 5 years would ensure that inequities would occur for future generations that would have to pay for replacement of assets to which they received little or no use of. The 20 year plan allows staff to plan for future expenses beyond the 5 year capital plan horizon to establish future financial requirements for the replacement of assets utilized within the first 5 years but not yet replaced. Some of the means to achieve this include:

- Paying for replacement and renewal works through Pay-as-You-Go financing,
- Annually placing money into reserves to offset the difference between the average annual needs of the 5 year capital plan and the 20 year forecast,
- Issuing debt for only long term projects with significant future years of benefit.

## 4.3. RESERVE FUNDS POLICY

Reserve Funds assist in smoothing out rates for harbour users by creating a funding source for future larger, intermittent projects and fluctuating revenue streams. Capital Budgets can vary significantly year over year and large non-recurring projects can create funding needs that are best funded over time. The Harbour has maintained Reserves with a current balance of \$17,200 for over 5 years allowing the harbour to remain mainly debt free. It is suggested that a Harbour Rate Stabilization Reserve be established and that a targeted balance of 15% of previous year's mooring based revenues be set. A rationale of a minimum balance of \$225,000 to \$275,000 has been established as a target for a minimum reserve fund balance. This represents approximately three percent of the 20-year forecast requirements based on current asset values of the system. Table 2 illustrates the rationale for the reserve fund target.

**TABLE 2**

<b>Minimum Rate Stabilization Reserve Targets</b>	
2012 Mooring Revenue	\$ 292,000
<b>15% Target</b>	<b>\$ 44,000</b>

<b>Minimum Reserve Fund Targets</b>	
Catastrophic Failure	\$100,000
Planning for Future Capital Expenditures (Preliminary Engineering, Studies, Etc.)	\$ 25,000
Capital Replacement Fluctuations	\$100,000 to \$150,000
Costs Associated with Legislative Changes	unknown
<b>TOTAL</b>	<b>\$225,000 to \$275,000</b>

#### **4.4. DEBT MANAGEMENT**

The overall goal of the Town to properly manage debt should be to eliminate the use of debt financing to fund the “average” capital budget. Debt financing should ultimately be used exclusively to fund large, extraordinary works, or to mitigate the impact of a larger than average total capital budget.

The Harbour has one outstanding debt. The Dock Reconstruction project internal loan had an estimated outstanding balance of \$169,700 ending 2012. The dock reconstruction project is fully financed over time through user fees and is slated to be paid by 2022. No other debt has been planned under the current approved 2013 budget which includes projections to 2017; however a dredging strategy has to be implemented in 2013 that will place significant pressure on the harbour. Long term plans have shown that there will be significant debt incurred on projects such as the harbour dredging, “A”, “G”, and “I” Dock replacements and future potential fuel system replacements and further dredging. Although these projects will be funded from Harbour user fees and charges, these amounts will impact the overall debt carrying capacity for the Town.

#### **4.5 SENIOR GOVERNMENT FUNDING**

##### *Federal Gas Tax*

Prior to 2012 there has been no allocation of the Town’s Federal Gas Tax Funding to the Harbour as per a funding allocation report Federal Gas Tax Funding Expenditure Update from June 14, 2011. As part of the 2013 Budget process, Staff will be preparing a Council recommendation to allocate future funding beyond 2013 to various capital projects that may include harbour lighting upgrades. Current funding until 2013 has been allocated for necessary infrastructure in other departments within the Town however the Gas Tax funding is anticipated to be permanent and may assist in ultimately closing the infrastructure gap or providing service enhancements at the harbour.

##### *Infrastructure/Stimulus Funding*

The Harbour has been successful in the past obtaining infrastructure renewal funding through the Department of Fisheries and Oceans grant programs. The current grant structure typically responds favourably to projects that are construction ready rehabilitation projects, such as dock replacement. The current financial plan anticipates funding to continue in to 2015 at such time the dock reconstruction strategy will be complete. Although a plan has been established to ensure viability of the harbour, senior government funding will help alleviate pressures on the users and ultimately help close the infrastructure gap.

## 5. Financial Statements

### Format

In June 2006, the Public Sector Accounting Board (PSAB) approved PSAB 3150, requiring municipalities to report Tangible Capital Assets (TCA) in their Statement of Financial Position effective January 1, 2009. Starting with the 2009 audited financial statements all municipalities moved to a full accrual financial statement format. This change required the inclusion of tangible capital assets, related accumulated amortization, removal of capital and reserve and reserve fund statements, introduction of accumulated surplus including all reserve and reserve funds balances. The attached forecasted financial statements have been prepared under these new requirements. As well, Appendix A “Tangible Capital Assets” contains tables outlining the Harbour’s TCA useful life and 2012 estimated net book value.

### Financial Information

At the time of preparation of this plan The Blue Mountains had finalized the 2011 TCA entries and the audit of TCA processes had occurred. Estimates have been used to create the baseline for 2012 as the audit of the TCA additions and disposals for 2012 had not occurred at the time of preparing this report.

The 20 year forecast is based on reasonable assumptions for the starting point of these documents which is 2013. The future year assumptions are derived from the 5 year capital budget (2013-2017) approved by Council. The requirements outlined from years six to twenty have been derived by utilizing existing assets remaining anticipated life.

### Glossary

#### **Tangible Capital Assets**

- a) *Tangible capital assets are non-financial assets having physical substance that:*
- b) *are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets;*
- c) *have useful economic lives extending beyond an accounting period;*
- d) *are used on a continuing basis; and*
- e) *are not for resale in the ordinary course of operations. (PS 3150.05)*

#### **Amortization**

Amortization is the attribution of the historical cost of TCA across the useful life of the specific asset. The amortized cost becomes an expense on the Statement of Operations and the historical cost of the TCA is reduced by the same amount on the Statement of Financial Position. This process roughly allocates the costs of the TCA into the years of benefit.

*The amortization of the costs of tangible capital assets should be accounted for as expenses in the statement of operations. (PS 3150.23)*



**Annual Surplus (Deficit)**

With the inclusion of Amortization in the Statement of Operations, Capital expenditures are no longer reflected as expenses. In the case of the Harbour, the annual surplus (deficit) is essentially derived from the difference between the Amortization and the actual spending on capital as well as the increase in reserve and reserve funds within the year.

**Accumulated Surplus (Deficit)**

This is a new balance that is reported as part of the Statement of Financial Position. It represents the accumulation of prior and current surpluses and deficits and reflects the net economic resources of the Harbour. In the case of the Harbour the accumulated surplus is made up primarily of the lifetime total cost of Tangible Capital Assets minus the Amortization that has occurred to date in addition to the reserve and reserve fund balances.

## 5.1. STATEMENT OF OPERATIONS

Town of The Blue Mountains - Thornbury Harbour - Statement of Operations																					
(\$ THOUSANDS)	Unaudited*		Forecasted																		
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>Revenue</b>																					
<i>Projected Rate at 5500 boat feet</i>	\$53/ft	\$55/ft	\$57/ft	\$59/ft	\$61/ft	\$63/ft	\$65/ft	\$67/ft	\$69/ft	\$70/ft	\$71/ft	\$72/ft	\$73/ft	\$74/ft	\$75/ft	\$76/ft	\$77/ft	\$78/ft	\$79/ft	\$80/ft	\$81/ft
Dockage Fees	\$304.1	\$302.0	\$313.5	\$324.5	\$335.5	\$346.5	\$357.5	\$368.5	\$379.5	\$385.0	\$390.5	\$396.0	\$401.5	\$407.0	\$412.5	\$418.0	\$423.5	\$429.0	\$434.5	\$440.0	\$445.5
Launch Fees	\$3.7	\$2.8	\$2.8	\$2.8	\$2.9	\$3.0	\$3.1	\$3.2	\$3.2	\$3.3	\$3.4	\$3.5	\$3.7	\$3.8	\$3.9	\$4.0	\$4.1	\$4.2	\$4.4	\$4.5	\$4.6
Facility Rentals	\$9.2	\$10.0	\$10.5	\$11.0	\$11.3	\$11.7	\$12.0	\$12.4	\$12.8	\$13.1	\$13.5	\$13.9	\$14.4	\$14.8	\$15.2	\$15.7	\$16.2	\$16.6	\$17.1	\$17.7	\$18.2
Winter Storage	\$30.1	\$26.1	\$28.2	\$29.4	\$30.3	\$31.2	\$32.2	\$33.1	\$34.1	\$35.2	\$36.2	\$37.3	\$38.4	\$39.6	\$40.8	\$42.0	\$43.2	\$44.5	\$45.9	\$47.2	\$48.7
Grants (Dept of Fisheries & Oceans)	\$35.4	\$35.4	\$35.4	\$35.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>Merchandise &amp; Services Sales</b>																					
Services	\$3.2	\$2.7	\$2.8	\$2.8	\$2.9	\$3.0	\$3.1	\$3.2	\$3.2	\$3.3	\$3.4	\$3.5	\$3.7	\$3.8	\$3.9	\$4.0	\$4.1	\$4.2	\$4.4	\$4.5	\$4.6
Merchandise & Services Sales	\$0.9	\$0.9	\$1.0	\$1.0	\$1.0	\$1.1	\$1.1	\$1.1	\$1.2	\$1.2	\$1.2	\$1.3	\$1.3	\$1.4	\$1.4	\$1.5	\$1.5	\$1.5	\$1.6	\$1.6	\$1.7
Gas	\$76.7	\$65.0	\$65.0	\$65.0	\$67.0	\$69.0	\$71.0	\$73.2	\$75.4	\$77.6	\$79.9	\$82.3	\$84.8	\$87.4	\$90.0	\$92.7	\$95.5	\$98.3	\$101.3	\$104.3	\$107.4
Diesel	\$20.2	\$18.0	\$18.0	\$18.0	\$18.5	\$19.1	\$19.7	\$20.3	\$20.9	\$21.5	\$22.1	\$22.8	\$23.5	\$24.2	\$24.9	\$25.7	\$26.4	\$27.2	\$28.0	\$28.9	\$29.8
Hydro	\$15.5	\$18.0	\$19.0	\$19.0	\$19.6	\$20.2	\$20.8	\$21.4	\$22.0	\$22.7	\$23.4	\$24.1	\$24.8	\$25.5	\$26.3	\$27.1	\$27.9	\$28.7	\$29.6	\$30.5	\$31.4
<b>Total Revenue</b>	\$499.1	\$480.9	\$496.2	\$508.9	\$489.0	\$504.6	\$520.4	\$536.2	\$552.3	\$563.0	\$573.8	\$584.8	\$596.0	\$607.3	\$618.8	\$630.5	\$642.4	\$654.4	\$666.7	\$679.2	\$691.8
<b>Expenses</b>																					
Salaries, Wages, Benefits	\$131.4	\$113.8	\$115.5	\$118.0	\$121.0	\$124.0	\$127.1	\$130.3	\$133.5	\$136.9	\$140.3	\$143.8	\$147.4	\$151.1	\$154.9	\$158.7	\$162.7	\$166.8	\$170.9	\$175.2	\$179.6
Personnel & Training Costs	\$5.8	\$6.5	\$6.5	\$6.7	\$6.8	\$7.1	\$7.3	\$7.5	\$7.7	\$7.9	\$8.2	\$8.4	\$8.7	\$8.9	\$9.2	\$9.5	\$9.8	\$10.1	\$10.4	\$10.7	\$11.0
Administration & Communication	\$7.4	\$8.8	\$9.1	\$9.5	\$9.8	\$10.0	\$10.3	\$10.7	\$11.0	\$11.3	\$11.6	\$12.0	\$12.4	\$12.7	\$13.1	\$13.5	\$13.9	\$14.3	\$14.8	\$15.2	\$15.7
Interfunctional Transfers	\$37.5	\$34.5	\$34.9	\$35.4	\$36.3	\$37.2	\$38.2	\$39.1	\$40.1	\$41.1	\$42.1	\$43.2	\$44.3	\$45.4	\$46.5	\$47.7	\$48.9	\$50.1	\$51.3	\$52.6	\$53.9
Merchandise Inventory (Fuel)	\$83.7	\$75.0	\$75.0	\$75.0	\$77.3	\$79.6	\$82.0	\$84.4	\$86.9	\$89.6	\$92.2	\$95.0	\$97.9	\$100.8	\$103.8	\$106.9	\$110.1	\$113.4	\$116.8	\$120.4	\$124.0
Financial & Insurance Expenses	\$22.4	\$23.6	\$24.6	\$25.7	\$26.5	\$27.3	\$28.1	\$28.9	\$29.8	\$30.7	\$31.6	\$32.6	\$33.5	\$34.5	\$35.6	\$36.6	\$37.7	\$38.9	\$40.0	\$41.2	\$42.5
Equipment & Vehicle Costs	\$4.1	\$4.6	\$4.8	\$4.9	\$5.1	\$5.2	\$5.4	\$5.5	\$5.7	\$5.9	\$6.1	\$6.2	\$6.4	\$6.6	\$6.8	\$7.0	\$7.2	\$7.5	\$7.7	\$7.9	\$8.1
Premises & Utilities Expenses	\$88.6	\$85.7	\$88.3	\$90.6	\$92.4	\$94.2	\$96.1	\$98.0	\$100.0	\$102.0	\$104.0	\$106.1	\$108.2	\$110.4	\$112.6	\$114.9	\$117.1	\$119.5	\$121.9	\$124.3	\$126.8
Interest Expenses	\$4.6	\$4.6	\$17.4	\$20.9	\$21.4	\$18.6	\$16.0	\$12.6	\$8.7	\$4.6	\$6.2	\$4.3	\$16.3	\$14.3	\$12.4	\$10.4	\$9.0	\$7.7	\$6.3	\$4.8	\$3.3
Non TCA Project Expenses (Dredging)	\$0.0	\$266.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$350.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Amortization (estimated)	\$60.5	\$65.0	\$74.9	\$69.8	\$72.9	\$73.3	\$73.8	\$73.8	\$73.8	\$76.2	\$81.5	\$88.0	\$94.5	\$100.8	\$107.2	\$108.5	\$110.0	\$116.6	\$121.2	\$122.6	\$120.6
<b>Total Expenses</b>	\$446.0	\$688.0	\$450.9	\$456.5	\$469.4	\$476.6	\$484.2	\$490.9	\$497.2	\$506.2	\$524.0	\$889.6	\$569.5	\$585.6	\$602.1	\$613.7	\$626.5	\$644.8	\$661.3	\$675.0	\$685.5
Annual Surplus (Deficit)	\$53.1	<b>(\$207.1)</b>	\$45.2	\$52.4	\$19.6	\$28.1	\$36.2	\$45.4	\$55.1	\$56.8	\$49.8	<b>(\$304.8)</b>	\$26.4	\$21.7	\$16.7	\$16.8	\$15.8	\$9.7	\$5.4	\$4.2	\$6.4
Annual Surplus (Deficit)	\$53.1	<b>(\$207.1)</b>	\$45.2	\$52.4	\$19.6	\$28.1	\$36.2	\$45.4	\$55.1	\$56.8	\$49.8	<b>(\$304.8)</b>	\$26.4	\$21.7	\$16.7	\$16.8	\$15.8	\$9.7	\$5.4	\$4.2	\$6.4
Accumulated Surplus - beginning of year	\$0.0	\$53.1	<b>(\$154.0)</b>	<b>(\$108.8)</b>	<b>(\$56.3)</b>	<b>(\$36.7)</b>	<b>(\$8.6)</b>	\$27.5	\$72.9	\$128.0	\$184.8	\$234.6	<b>(\$70.1)</b>	<b>(\$43.7)</b>	<b>(\$22.0)</b>	<b>(\$5.3)</b>	\$11.6	\$27.4	\$37.1	\$42.5	\$46.7
Accumulated Surplus - end of year	\$53.1	<b>(\$154.0)</b>	<b>(\$108.8)</b>	<b>(\$56.3)</b>	<b>(\$36.7)</b>	<b>(\$8.6)</b>	\$27.5	\$72.9	\$128.0	\$184.8	\$234.6	<b>(\$70.1)</b>	<b>(\$43.7)</b>	<b>(\$22.0)</b>	<b>(\$5.3)</b>	\$11.6	\$27.4	\$37.1	\$42.5	\$46.7	\$53.1

\*Note - 2012 amounts are draft and unaudited

## 5.2. STATEMENT OF FINANCIAL POSITION

Town of The Blue Mountains - Thornbury Harbour - Statement of Financial Position																					
(\$ THOUSANDS)	Unaudited*	Approved										Forecasted									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>Financial Assets</b>																					
Cash, Reserves and Investments	\$17.2	\$17.2	\$17.2	\$16.6	\$16.6	\$16.6	\$16.6	\$16.6	\$16.6	\$69.7	\$55.0	\$6.5	(\$21.6)	(\$51.8)	(\$84.4)	(\$94.4)	(\$110.3)	(\$127.3)	(\$97.8)	(\$12.3)	\$36.8
<b>Total Financial Assets</b>	\$17.2	\$17.2	\$17.2	\$16.6	\$16.6	\$16.6	\$16.6	\$16.6	\$16.6	\$69.7	\$55.0	\$6.5	(\$21.6)	(\$51.8)	(\$84.4)	(\$94.4)	(\$110.3)	(\$127.3)	(\$97.8)	(\$12.3)	\$36.8
<b>Financial Liabilities</b>																					
Accounts Payable and Deferred Revenue**	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Long Term Liabilities***	\$169.7	\$592.8	\$639.2	\$642.0	\$551.2	\$476.6	\$368.7	\$251.5	\$124.7	\$186.9	\$131.6	\$425.1	\$370.9	\$315.6	\$259.1	\$226.3	\$192.2	\$156.7	\$119.8	\$81.5	\$41.6
<b>Total Financial Liabilities</b>	\$169.7	\$592.8	\$639.2	\$642.0	\$551.2	\$476.6	\$368.7	\$251.5	\$124.7	\$186.9	\$131.6	\$425.1	\$370.9	\$315.6	\$259.1	\$226.3	\$192.2	\$156.7	\$119.8	\$81.5	\$41.6
<b>Net Financial Assets (Net Debt)</b>	(\$152.5)	(\$575.6)	(\$622.0)	(\$625.4)	(\$534.6)	(\$460.0)	(\$352.1)	(\$234.9)	(\$108.0)	(\$117.3)	(\$76.6)	(\$418.6)	(\$392.5)	(\$367.4)	(\$343.5)	(\$320.7)	(\$302.5)	(\$284.0)	(\$217.7)	(\$93.8)	(\$4.8)
<b>Non Financial Assets</b>																					
Prepaid Expenses	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Tangible Capital Assets (estimated)	\$1,568.3	\$1,847.5	\$2,013.6	\$2,138.1	\$2,138.1	\$2,163.1	\$2,163.1	\$2,163.1	\$2,163.1	\$2,303.1	\$2,391.6	\$2,514.6	\$2,584.6	\$2,679.6	\$2,777.1	\$2,877.1	\$2,982.1	\$3,087.1	\$3,144.6	\$3,144.6	\$3,179.6
Accumulated Depreciation (estimated)	(\$697.0)	(\$762.0)	(\$837.0)	(\$906.7)	(\$979.6)	(\$1,052.9)	(\$1,126.7)	(\$1,200.5)	(\$1,274.2)	(\$1,350.4)	(\$1,432.0)	(\$1,519.9)	(\$1,592.0)	(\$1,692.7)	(\$1,799.9)	(\$1,908.4)	(\$2,018.4)	(\$2,134.9)	(\$2,256.1)	(\$2,378.7)	(\$2,499.4)
<b>Total Non-Financial Assets</b>	\$871.3	\$1,085.5	\$1,176.6	\$1,231.3	\$1,158.4	\$1,110.1	\$1,036.4	\$962.6	\$888.8	\$952.6	\$959.6	\$994.6	\$992.6	\$986.8	\$977.1	\$968.7	\$963.7	\$952.1	\$888.5	\$765.8	\$680.2
<b>Accumulated Surplus</b>	\$718.8	\$509.9	\$554.6	\$606.0	\$623.8	\$650.1	\$684.3	\$727.7	\$780.8	\$835.4	\$883.0	\$576.1	\$600.1	\$619.4	\$633.6	\$648.0	\$661.2	\$668.1	\$670.8	\$672.0	\$675.4

\*Note - 2012 amounts are draft and unaudited

\*\*Note - Accounts Payable and accrued liabilities related to the Harbour are integrated into the Town's accounts payable system and can not be easily identified. For the purposes of these projections, it is assumed that expenses are paid immediately.

\*\*\*Note - See Schedule of Projected Liabilities for full detail

### 5.3. STATEMENT OF CASH FLOW

Town of The Blue Mountains - Thornbury Harbour - Statement of Cash Flow																					
(\$ THOUSANDS)	Unaudited*	Approved	Forecasted																		
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>OPERATING TRANSACTIONS</b>																					
Projected Annual Surplus (Deficit)	\$53.1	(\$207.1)	\$45.2	\$52.4	\$19.6	\$28.1	\$36.2	\$45.4	\$55.1	\$56.8	\$49.8	(\$304.8)	\$26.4	\$21.7	\$16.7	\$16.8	\$15.8	\$9.7	\$5.4	\$4.2	\$6.4
<i>Items not involving cash:</i>																					
Amortization	\$60.5	\$65.0	\$74.9	\$69.8	\$72.9	\$73.3	\$73.8	\$73.8	\$73.8	\$76.2	\$81.5	\$88.0	\$94.5	\$100.8	\$107.2	\$108.5	\$110.0	\$116.6	\$121.2	\$122.6	\$120.6
Prepays, accounts payable, deferred revenue, capital	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>Cash provided by operating transactions</b>	\$113.6	(\$142.1)	\$120.2	\$122.2	\$92.5	\$101.4	\$109.9	\$119.2	\$128.9	\$133.0	\$131.4	(\$216.8)	\$121.0	\$122.5	\$123.9	\$125.3	\$125.8	\$126.2	\$126.6	\$126.8	\$127.0
<b>FINANCING TRANSACTIONS</b>																					
Proceeds from long-term debt	\$38.1	\$423.1	\$68.6	\$25.8	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$125.0	\$0.0	\$350.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Repayment of long-term debt	\$0.0	\$0.0	(\$22.2)	(\$23.0)	(\$90.8)	(\$74.6)	(\$107.9)	(\$117.2)	(\$126.8)	(\$62.8)	(\$55.3)	(\$56.5)	(\$54.2)	(\$55.3)	(\$56.5)	(\$32.8)	(\$34.1)	(\$35.5)	(\$36.9)	(\$38.4)	(\$39.9)
<b>Cash provided (used) by financing transactions</b>	\$38.1	\$423.1	\$46.4	\$2.8	(\$90.8)	(\$74.6)	(\$107.9)	(\$117.2)	(\$126.8)	\$62.2	(\$55.3)	\$293.5	(\$54.2)	(\$55.3)	(\$56.5)	(\$32.8)	(\$34.1)	(\$35.5)	(\$36.9)	(\$38.4)	(\$39.9)
<b>CAPITAL TRANSACTIONS</b>																					
<i>Capital Asset Purchases</i>																					
Harbour Improvements	\$0.0	\$0.0	(\$12.2)	(\$13.0)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Dock Replacement and/or Rehabilitation, inc. Hydro	(\$136.3)	(\$256.7)	(\$152.7)	(\$110.4)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$88.5)	(\$93.0)	(\$92.5)	(\$95.0)	(\$97.5)	(\$100.0)	(\$105.0)	(\$105.0)	(\$57.5)	\$0.0	\$0.0
Vehicles and Equipment	(\$13.5)	(\$22.5)	\$0.0	\$0.0	\$0.0	(\$25.0)	\$0.0	\$0.0	\$0.0	(\$140.0)	\$0.0	(\$30.0)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$35.0)
Buildings	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Computers & Admin	(\$1.9)	(\$1.8)	(\$1.8)	(\$2.2)	(\$1.8)	(\$1.8)	(\$2.0)	(\$2.0)	(\$2.0)	(\$2.2)	(\$2.2)	(\$2.2)	(\$2.4)	(\$2.4)	(\$2.5)	(\$2.5)	(\$2.6)	(\$2.8)	(\$2.8)	(\$3.0)	(\$3.0)
<b>Cash used for capital transactions</b>	(\$151.7)	(\$281.0)	(\$166.6)	(\$125.6)	(\$1.8)	(\$26.8)	(\$2.0)	(\$2.0)	(\$2.0)	(\$142.2)	(\$90.7)	(\$125.2)	(\$94.9)	(\$97.4)	(\$100.0)	(\$102.5)	(\$107.6)	(\$107.8)	(\$60.3)	(\$3.0)	(\$38.0)
<b>Net change in cash and cash equivalents</b>	\$0.0	\$0.0	\$0.0	(\$0.6)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$53.0	(\$14.6)	(\$48.5)	(\$28.1)	(\$30.2)	(\$32.6)	(\$10.0)	(\$15.9)	(\$17.0)	\$29.5	\$85.5	\$49.1
<b>Cash and Cash equivalents, beginning of year</b>	\$17.2	\$17.2	\$17.2	\$17.2	\$16.6	\$16.6	\$16.6	\$16.6	\$16.6	\$16.6	\$69.7	\$55.0	\$6.5	(\$21.6)	(\$51.8)	(\$84.4)	(\$94.4)	(\$110.3)	(\$127.3)	(\$97.8)	(\$12.3)
<b>Cash and Cash equivalents, end of year</b>	\$17.2	\$17.2	\$17.2	\$16.6	\$16.6	\$16.6	\$16.6	\$16.6	\$16.6	\$69.7	\$55.0	\$6.5	(\$21.6)	(\$51.8)	(\$84.4)	(\$94.4)	(\$110.3)	(\$127.3)	(\$97.8)	(\$12.3)	\$36.8

\*Note - 2012 amounts are draft and unaudited

## 5.4. SCHEDULE OF PROJECTED LIABILITIES

Town of The Blue Mountains - Thornbury Harbour - Schedule of Projected Liabilities																					
(\$ THOUSANDS)	Unaudited*	Approved	Forecasted																		
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>LIABILITIES</b>																					
<b>Existing Loans</b>																					
Opening	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Repayments	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<i>Balance</i>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>New Loans (Dredging)**</b>																					
Opening	\$0.0	\$0.0	\$266.0	\$243.8	\$220.8	\$196.8	\$171.9	\$146.0	\$119.1	\$91.1	\$62.0	\$31.6	\$350.1	\$320.9	\$290.6	\$259.1	\$226.3	\$192.2	\$156.7	\$119.8	\$81.5
Repayments	\$0.0	\$0.0	(\$22.2)	(\$23.0)	(\$24.0)	(\$24.9)	(\$25.9)	(\$26.9)	(\$28.0)	(\$29.2)	(\$30.3)	(\$31.5)	(\$29.2)	(\$30.3)	(\$31.5)	(\$32.8)	(\$34.1)	(\$35.5)	(\$36.9)	(\$38.4)	(\$39.9)
New Debentures	\$0.0	\$266.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$350.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<i>Balance</i>	\$0.0	\$266.0	\$243.8	\$220.8	\$196.8	\$171.9	\$146.0	\$119.1	\$91.1	\$62.0	\$31.6	\$350.1	\$320.9	\$290.6	\$259.1	\$226.3	\$192.2	\$156.7	\$119.8	\$81.5	\$41.6
<b>Long Term Debt Financed by Town***</b>																					
Opening	\$131.5	\$169.7	\$326.8	\$395.4	\$421.2	\$354.4	\$304.7	\$222.7	\$132.4	\$33.6	\$125.0	\$100.0	\$75.0	\$50.0	\$25.0	(\$0.0)	(\$0.0)	(\$0.0)	(\$0.0)	(\$0.0)	(\$0.0)
Repayments	\$0.0	\$0.0	\$0.0	\$0.0	(\$66.8)	(\$49.7)	(\$82.0)	(\$90.3)	(\$98.8)	(\$33.6)	(\$25.0)	(\$25.0)	(\$25.0)	(\$25.0)	(\$25.0)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
New Long Term Debt	\$38.1	\$157.1	\$68.6	\$25.8	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$125.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<i>Balance</i>	\$169.7	\$326.8	\$395.4	\$421.2	\$354.4	\$304.7	\$222.7	\$132.4	\$33.6	\$125.0	\$100.0	\$75.0	\$50.0	\$25.0	(\$0.0)	(\$0.0)	(\$0.0)	(\$0.0)	(\$0.0)	(\$0.0)	(\$0.0)
<b>TOTAL</b>																					
Opening	\$131.5	\$169.7	\$592.8	\$639.2	\$642.0	\$551.2	\$476.6	\$368.7	\$251.5	\$124.7	\$186.9	\$131.6	\$425.1	\$370.9	\$315.6	\$259.1	\$226.3	\$192.2	\$156.7	\$119.8	\$81.5
Repayments	\$0.0	\$0.0	(\$22.2)	(\$23.0)	(\$90.8)	(\$74.6)	(\$107.9)	(\$117.2)	(\$126.8)	(\$62.8)	(\$55.3)	(\$56.5)	(\$54.2)	(\$55.3)	(\$56.5)	(\$32.8)	(\$34.1)	(\$35.5)	(\$36.9)	(\$38.4)	(\$39.9)
New Debentures	\$38.1	\$423.1	\$68.6	\$25.8	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$125.0	\$0.0	\$350.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<i>Balance</i>	\$169.7	\$592.8	\$639.2	\$642.0	\$551.2	\$476.6	\$368.7	\$251.5	\$124.7	\$186.9	\$131.6	\$425.1	\$370.9	\$315.6	\$259.1	\$226.3	\$192.2	\$156.7	\$119.8	\$81.5	\$41.6

\*Note - 2012 amounts are draft and unaudited

\*\*Note - Dredging debt is considered to be amortized over a 10 year period at 4% internal interest rate.

\*\*\*Note - Currently the Town holds debt for the Thornbury Harbour for one project. The overall Dock Reconstruction project will be completed in 2015 and is expected to be repaid in 2022.

TABLE 1 - TANGIBLE CAPITAL ASSET CATEGORIES			
CATEGORY 1	CATEGORY 2	CATEGORY 3	USEFUL LIFE
Buildings	Structure		40
	Roofing	Steel	30
	HVAC & Plumbing	System	25
	Electrical	System	25
Machinery & Equipment	Harbour Specific M&E	Docks	50
		Dock Decking	15
		Anchoring	25
		Fuel System	20
Vehicles	Light Duty Pick-up		10
Land Improvements	Electrical	Security Lighting	15

TABLE 2 - NET BOOK VALUE OF IN SERVICE TANGIBLE CAPITAL ASSETS (Estimated as of December 31, 2012)			
CATEGORY 1	CATEGORY 2	CATEGORY 3	\$'s
Buildings	Structure		\$74,963.10
	Roofing	Steel	\$1,628.88
	HVAC & Plumbing	System	\$0.00
	Electrical	System	\$0.00
Machinery & Equipment	Harbour Specific M&E	Docks	\$472,187.19
		Dock Decking	\$271,555.35
		Anchoring	\$9,270.00
		Fuel System	\$23,185.62
Vehicles	Light Duty Pick-up		\$0.00
Land Improvements	Electrical	Security Lighting	\$18,473.35

**STAFF REPORT: Recreation Department**



**REPORT TO: Recreation Committee**

**MEETING DATE: February 14, 2008**

**REPORT NO.: DOR 08 06**

**SUBJECT: Harbour Water Level**

**PREPARED BY: Ryan Gibbons, Harbour  
Supervisor**

#### **A. Recommendations**

THAT Council receive this report regarding the harbour water levels for information purposes only.

#### **B. Background**

As the attached charts and data show Lake Huron is experiencing some of the lowest water levels it has seen since the nineteen sixties (1960's). Although the Canadian Hydrographical Society is anticipating Lake Huron water levels to increase it is still a concern that we should be prepared for.

This Spring I was forced to make some slip allotment changes in the harbour due to depth related issues. Although it was only one vessel that was an immediate issue we are reviewing the current water levels and are seeing that if the water levels do not increase we will see an immediate impact on at least five (5) of our current seasonal boats. Although this is not a large portion of the seasonal slip holders if the water levels were to go down another 0.152 metres (six inches (6")) we would have an additional fourteen (14) vessels being restricted. This is now approaching ten percent (10 %) of our overall seasonal slip holders. This Fall we were forced to haul our deepest keeled boat at the pier due to the water levels. Fall 2008 we are anticipating hauling three (3) to four (4) of the other deep keeled vessels at that location as well.

After referring to our "Waiting List" if the water levels were to go down the 0.152 metres (six inches (6')), the water levels would also affect ten (10) of our current applicants.

The entrance of the harbour currently has approximately three (3) metres of depth. Under calm winds this depth is sufficient for all of our vessels. If the wind increases and causes a surge through the entrance to the harbour there is the possibility of enduring over one (1) metre swells. This is not a strange occurrence. If a vessel is entering or leaving the harbour during these swells there is the possibility of hitting bottom. If the vessel hits bottom, depending on weather conditions it would lose control and could end up on the rocks.



In summation we are not in a situation where any action is necessary and are optimistic that the Canadian Hydrographical Society's foresight is accurate. We are researching all of our options, and potential scenarios. Re-installing our shallow water buoys is an option that is being looked at. The majority of our seasonal slip holders are aware of the problem areas within the harbour and in most cases can navigate accordingly. Unfortunately we do have transient boaters that could be unaware of our problem areas and the low water buoys would prove beneficial to them. In addition, depth soundings in the harbour will be updated in the Spring as soon as weather will permit. I will be accompanying Meaford's Harbour Master to a meeting with some Department of Fisheries and Oceans (DFO) personnel to discuss the low water issue and potential funding assistance if a scenario involving dredging becomes inevitable.

**C. The Blue Mountains' Strategic Plan** (Statement(s) identifying how actions further the goals of the Strategic Plan)

1. Managing growth to ensure the ongoing health and prosperity of the community
  
3. Preserving and enhancing natural and environmental features, and cultural heritage of the community
  
4. Supporting the development of social and recreational programs to meet the broad range of needs in the community
  
- 4.6 Liaise with the Province, the County and the Conservation Authority with regard to the formal management of public recreational lands
  
5. Ensuring long-term financial sustainability

**D. Budget Impact** (cc: Treasury if required)

None at this time.

**E. Attached** (Relevant documentation not personal information about an identifiable person)

Chart referencing the water level in metres for Lake Huron with high and low water levels from 1918 until 2007.

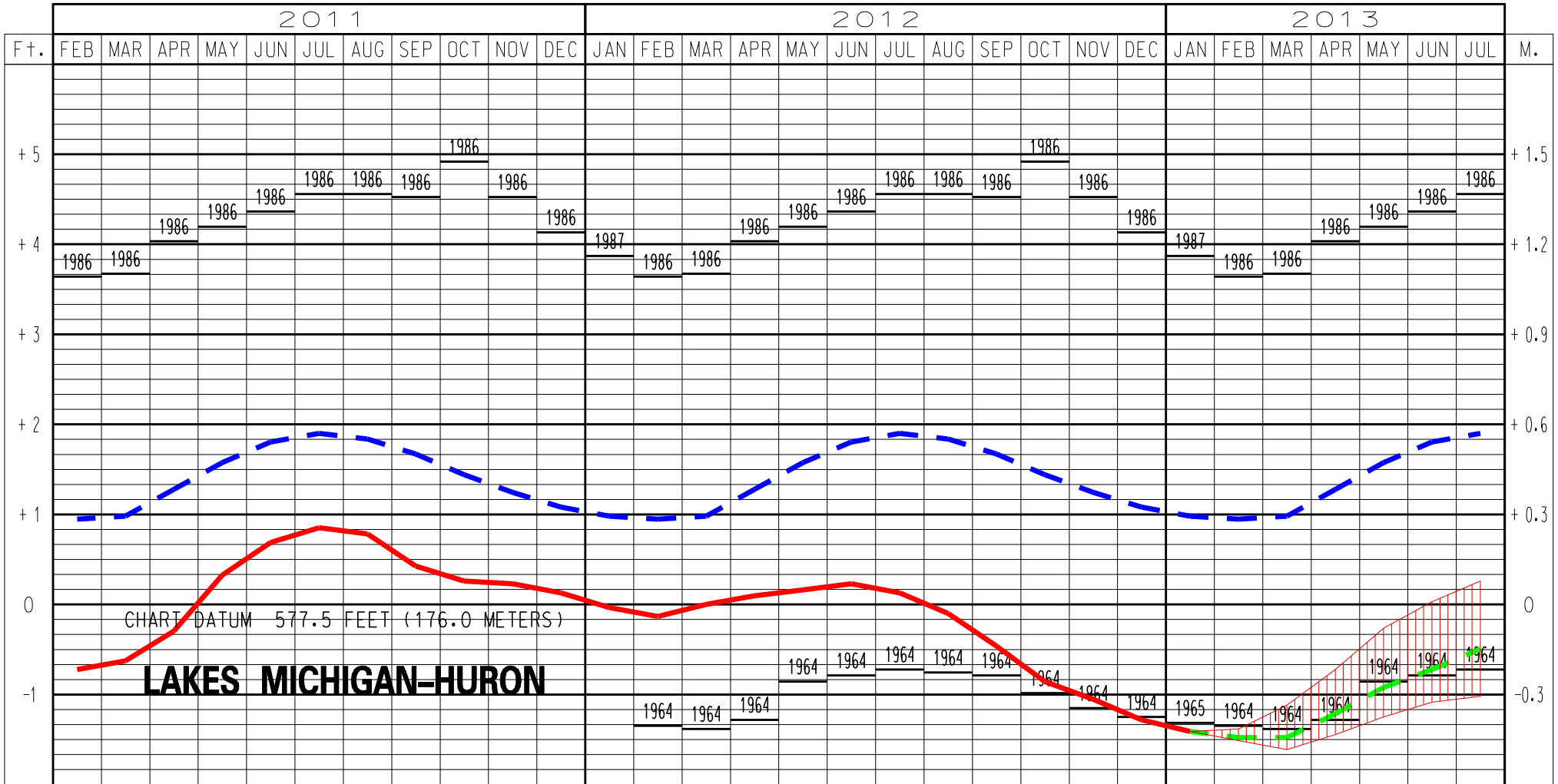
Tide Currents and Water Levels. Monthly Mean Water Levels in metres referred to IGLD (International Great Lakes Datum) 1985

Respectfully submitted,  
Ryan Gibbons,  
Harbour Supervisor

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Signature

## LAKES MICHIGAN-HURON WATER LEVELS – FEBRUARY 2013



**STAFF REPORT: Recreation Department**



**REPORT TO: Recreation Committee**  
**MEETING DATE: August 23, 2007**  
**REPORT NO.: HAR.07.38**  
**SUBJECT: Harbour Financing Strategy**  
**PREPARED BY: Ryan Gibbons, Harbour  
Supervisor  
Darcy Chapman, Capital  
Accountant**

**A. Recommendations**

THAT This Committee recommends Council approval of this report "HAR.07.38", Option #3, which is an increase in the seasonal dockage from \$37 per foot to \$45 per foot with an annual increase of \$2 per foot and a transient weekly rate increase from \$4.80 per foot to \$7 per foot and daily transient rate increase from \$1.20 per foot to \$1.50 per foot.

**B. Background**

The Thornbury Municipal Harbour has historically been one hundred percent funded by user fees. Due to the Capital upgrades that the facility requires, specifically docks, the Harbour will need to increase its user fees substantially to complete the necessary upgrades. Although a large rate increase may not be popular, we do have a significant waiting list for seasonal berths in excess of 80 ending August 2007. With an average 10% turnover on slips per year, we would have to have a turnover exceeding 35% due to a rate increase to have vacant slips in 2008.

2007 was the first year of our dock replacement program. Previously the docks were re-floated. This added five to ten years of life to each dock. But unfortunately the old lumber frames used in the docks have absorbed so much moisture that they began to twist when they were raised out of the water by the new floatation. Until 2007 the harbour was paying back a loan to the Department of Fisheries and Oceans from the harbour expansion. This yearly payment was approximately one hundred thousand dollars per year, with the exception being 2006 as it was the final payment.

The dock replacement project is using all available capital funds that the harbour is producing, not allowing for any other capital projects or purchases. The Harbour Masters office and upstairs lounge is in disrepair as well the harbour truck is getting to the point where it needs to be replaced. Although these are not

big expenditures the current financial plan will not allow for purchases and upgrades such as these, and will ultimately, if not tended to soon, become significantly more expensive and unattainable.

Over the past few weeks Darcy Chapman, Capital Accountant, and I have been working out a financial plan to allow us to replace the docks on the year scheduled for replacement. During this process I have polled five surrounding harbours for their rates with the average rate being in excess of \$54.00 per foot. This identifies that we are charging significantly less than other comparable harbours. We are currently charging \$37.00 per foot with an annual scheduled increase in our rates of \$1.00 per foot. If we stay with this plan our dock replacement project will not be completed.

**C. The Blue Mountains' Strategic Plan** (Statement(s) identifying how actions further the goals of the Strategic Plan)

**Goal 2. Addressing the Town's municipal infrastructure needs.**

2.1 Identifying existing deficiencies in the current municipal infrastructure.

**Goal 4. Supporting the development of social and recreational programs to meet the broad range of needs in the community.**

**Goal 5. Ensuring long-term financial sustainability.**

5.2 Create a solid long term capital budget (3-5 years with a 6-15 year vision)

5.4 Develop a capital asset management plan.

**D. Budget Impact** (cc: Treasury if required)

The attached financial plans show an estimated annual operating budget with extrapolated increases for different expenses and revenues based on historical figures. The preferred staff option is #3 which would see an increase in the seasonal dockage from \$37 to \$45 per foot and a transient weekly rate increase from \$4.80 to \$7 per foot and daily from \$1.20 to \$1.50. This increase would allow the harbour to become sustainable over a 20 year period. The plan would include the replacement and repayment of all docks and a yearly \$10,000 capital budget for other projects such as vehicle replacement and building renovations. The plan is based on dock replacement from 2008 to 2015 with 2016 and 2017 being utilized to repay un-financed capital from the previous years. The plan would also include long term reserve contributions from 2018 to 2026 to establish a fund for replacement of the docks starting once again in 2027. The plan has also pulled hydro expenses and revenues out of the overall budget to allow for a capital contribution specific to hydro upgrades as are planned and found within the attached hydro capital schedule.

**E. Attached** (Relevant documentation not personal information about an identifiable person)

1. Harbour Dockage Revenue Stream Options
2. Annual Dock Replacement Schedule
3. Operating Budget – 2007 Rate
4. Capital Sheet - Dock Reconstruction Schedule – 2007 Rate
5. Operating Budget – Option #1 \$40/foot
6. Capital Sheet - Dock Reconstruction Schedule – Option #1
7. Operating Budget – Option #2 \$42/foot
8. Capital Sheet - Dock Reconstruction Schedule – Option #2
9. Operating Budget – Option #3 \$45/foot
10. Capital Sheet - Dock Reconstruction Schedule – Option #3
11. Operating Budget – Hydro Funding
12. Capital Sheet – Hydro Replacement

Respectfully submitted,

Ryan Gibbons, Harbour Supervisor

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Signature

Darcy Chapman, Capital Accountant

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Signature

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Mr Ryan Gibbons, Harbour Master  
Town of The Blue Mountains  
Thornbury, Ontario

Dear Ryan;

With respect to our recent conversation regarding the replacement of G Dock in the Thornbury Harbour this letter will serve to formalize our request for a price increase in our per square foot rate for this project.

We have recently been advised that a 7% increase in floatation costs is forthcoming and will be in effect by the end of October. This coupled with increases over the years in fuel costs, labour and insurance premiums, modest increases in steel and wood rates prompts our request for a \$ 2.00 per square foot increase to cover these costs.

We are pleased to report that our galvanizing costs remain unchanged at this point.

We respectfully request the above noted increase, which will be the first increase since the project to refurbish your harbour began some years ago.

I would be pleased to discuss this request further at any time

Yours truly  
Ted Quennell