



Staff Report

Community Services

Report To: Committee of the Whole
Meeting Date: January 28, 2020
Report Number: CSOPS.20.007
Subject: Thornbury Municipal Harbour Overview and Financial Plan
Prepared by: Ryan Gibbons, Director of Community Services

A. Recommendations

THAT Council receive Staff Report CSOPS.20.007, entitled Thornbury Municipal Harbour Overview and Financial Plan;

AND THAT Council receive the Thornbury Municipal Harbour Financial Plan as attached;

AND THAT Council approve the creation of a Thornbury Harbour Reserve Fund and close the Harbour Reserve and transfer all funding.

B. Overview

This report outlines the history, operations, partnerships and financial plan for the Thornbury Municipal Harbour.

C. Background

The Harbour has many partnerships, including the Department of Fisheries and Oceans Canada (DFO) Small Craft Harbour's Division, Thornbury Yacht Club (TYC), Boating Ontario, Ontario Sailing, Georgian Bay Regatta, Georgian Bay Laser Regatta Festival, and local and tourist boating enthusiasts.

The Harbour has approximately 240 slips on floating docks, operates from May to October of each year, provides land storage for approximately 100 vessels from November to April, hosts a public launch ramp and sits directly adjacent to the Beaver River. The Harbour also provides full-service fuel, wastewater pump-out operations and hydro service at most slips.

The financial philosophy for the Harbour is a revenue-expense neutral status. Acknowledging the economic development, recreational opportunity, and partnership benefits the Harbour creates. Annual operating expenditures are to be offset by revenues from user fees while capital expenditures are to be funded through reserves from user fees and grants. A significant financial burden the harbour faces is the lease payment to the DFO Small Craft Harbours Division. This annual lease payment is 20% (plus taxes) of all gross revenue derived by the

Agent from the management and operation of the premises. In 2018, the cost of the lease was \$86,150.00.

Economic Development created by the Harbour is an area that staff continue to gather data on. Staff intend to perform a customer survey that will collect additional data on expenses made in The Blue Mountains by seasonal slip holders.

The Ontario Ministry of Tourism, Culture and Sport's 2007 Travel Activities and Motivation Survey (TAMS) indicated an average, per person, transient boater expenditure of:

- \$32.80 for less than a 12 hour stay
- \$42.70 for less than a 24 hour stay (not overnight)
- \$192.10 for an overnight stay (average stay 3 nights)

In 2018, the Harbour had 155 overnight transients, excluding the monthly users. Monthly overnight stays add an additional 180 days but align better with seasonal slip holder spending than overnight transients.

Ownership Relationship – Department of Fisheries and Oceans Canada (DFO)

Small Craft Harbours Program

Small Craft Harbours is a nationwide program run by the DFO. More than 5,000 volunteers assist with the program annually. It is a decentralized program with headquarters originally located in Ottawa but relocated to Moncton, New Brunswick in April of 2018. This program keeps the harbours, that are critical to the fishing industry, open and in good repair. The program operates and maintains a national system of harbours to provide commercial fish harvesters and other harbour users with safe and accessible facilities.

About the Program

Small craft harbours are crucial to the Canadian fishing industry and, by extension, Canadian culture and economy. As of May 2018, the program was responsible for 1,013 harbours, including 883 fishing harbours and 130 recreational harbours. Together, these harbours represent over 10,000 structures valued at approximately \$6.03 billion.

Program Objectives

The goal is to provide a sustainable national network of safe and accessible harbours that are:

- Fully operated
- In good working condition
- Managed and maintained by self-sufficient harbour authorities who represent the interests of users and communities

Program Approach

To fulfill its mandate, the program:

- Maintains a network of harbours which are essential to the fishing industry
- Supports harbour authorities in managing the day-to-day operations of commercial fishing harbours
- Transfers the ownership of non-essential harbours and recreational harbours to other levels of government or not-for-profit organizations to allow public access to the transferred facility

It is important to note that the Thornbury Municipal Harbour is not available for divestiture due to an active land claim.

D. Analysis

The Harbour provides opportunities that promote healthy lifestyles and social interactions through sailing, fishing, swimming, paddling, walking, cycling, picnicking and to the many social functions provided by the Thornbury Yacht Club (TYC), Georgian Bay Regatta and the Georgian Bay Laser Regatta.

The official plan identifies objectives for the harbour area:

- Support the Harbour area as a recreational focal point and public open space area in the Town;
- Develop a mix of public and recreation oriented uses in the Harbour area; and,
- Create a pedestrian environment and linkage between the Harbour, the Downtowns and the Georgian Trail

The proposed financial plan supports these objectives of the Official Plan that are in place and has the potential to enhance them.

Staff recommend that the proposed financial plan be received to provide staff the opportunity to consult with the public and stakeholders before bringing it back to Council for approval.

Staff are recommending that Council approve the creation of a reserve fund, close the reserve and transfer all funding.

E. The Blue Mountains Strategic Plan

- | | |
|--------------|---|
| Goal #1: | Create Opportunities for Sustainability |
| Objective #1 | Retain Existing Business |
| Objective #2 | Attract New Business |
| Objective #3 | Promote a Diversified Economy |
| Objective #5 | Improved Visibility and Local Identity |

- Goal #2: Engage Our Communities & Partners
 - Objective #1 Improve External Communication with our Constituents
 - Objective #3 Strengthen Partnerships
- Goal #3: Support Healthy Lifestyles
 - Objective #1 Promote the Town as a Healthy Community
 - Objective #4 Commit to Sustainability
- Goal #4: Promote a Culture of Organizational & Operational Excellence
 - Objective #3 To Consistently Deliver Excellent Customer Service
 - Objective #4 To Be a Financially Responsible Organization
 - Objective #5 Constantly Identify Opportunities to Improve Efficiencies and Effectiveness
- Goal #5: Ensure Our Infrastructure is Sustainable
 - Objective #1 Develop a Long-Term Asset Management Plan for the Maintenance, Renewal and Replacement of Existing Infrastructure
 - Objective #2 Avoid Unexpected Infrastructure Failure and Associated Costs and Liability
 - Objective #3 Implement Best Practices in Sustainable Infrastructure

F. Environmental Impacts

The environmental benefits to an aquatic ecosystem provided by a responsible harbour operator in Ontario include; controlled fuel dispensing by a trained operator, controlled black and grey water tank pump-out by a trained operator and localized docking. Reducing the need for shoreline work to build individual docking facilities that disrupt the natural environment. This also provides educational opportunities to users and the ability to regulate environmentally responsible practices through a contract and or a by-law.

Boating Ontario – Clean Marine Program

The Ontario-developed Clean Marine Eco-Rating Program is an environmental program that encourages marine businesses to follow best practices to reduce and prevent water, air and land pollution from recreational boating activities in Ontario.

Since the program's inception in 1995, over 300 businesses have participated, easily making the program the most successful and widely adopted world's leading environmental "Best Management Practices" program for marinas, boat dealers, yacht clubs and marine businesses.

Marinas voluntarily join the program to participate in an independent third party, 220-point assessment. Scores from the assessment are converted into an Eco-Rating system from one to five Green Anchors, with Gold, Diamond and Platinum as the highest achievements. Re-assessments are mandatory every four years with self-assessments conducted annually.

Thornbury Municipal Harbour participates in the Boating Ontario, Clean Marine program and currently holds a Gold eco-rating.

G. Financial Impact

The Thornbury Municipal Harbour Financial Plan 2020-2035 outlines the long-term financial sustainability of the Harbour. This plan includes a projected Operating Budget, Capital Budget and Capital Replacement Program, proposed annual transfers to a Reserve Fund, and proposed changes to the Harbours fees and charges.

The attached Harbour Financial Plan aligns with the 2020 Harbour Proposed Budget. Any future budgets will also align with the Financial Plan.

Staff are proposing that a Thornbury Harbour Reserve Fund be created and that all funds that are currently held in the Harbour Reserve be transferred into this Reserve Fund. Currently, the Harbour Reserve has a balance of \$260,703.88. Staff are also projecting that the Harbour will end the 2019 fiscal year with a small surplus. Any surplus amount at the end of 2019 will be transferred into this Reserve Fund.

H. In consultation with

Sam Dinsmore, Deputy Treasurer / Manager of Accounting and Budgets

Katherine Dabrowa, Budget Analyst

Jason Hindle, Harbour / Cemetery / Building Maintenance Lead Hand

Consultation with the public and stakeholders is being proposed after this report is considered and the attached Financial Plan is a public document.

I. Public Engagement

The topic of this Staff Report has not been subject to a Public Meeting and/or a Public Information Centre as neither a Public Meeting nor a Public Information Centre are required. Comments regarding this report should be submitted to Ryan Gibbons, directorcs@thebluemountains.ca.

J. Attached

1. Thornbury Harbour Financial Plan 2020 - 2035
2. By-law 2020-XX Thornbury Harbour Reserve Fund

Respectfully submitted,

Ryan Gibbons
Director of Community Services

For more information, please contact:

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The Corporation of The Town of The Blue Mountains

Thornbury Harbour Financial Plan
2020-2035

DRAFT

This Thornbury Harbour Financial Plan was approved by Town Council on Month 00, 2020.

This Financial Plan was prepared by:

Community Services and
Finance & IT Services

Town of The Blue Mountains
32 Mill Street,
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A copy of this Financial Plan is available at www.thebluemountains.ca and is also available for pickup at the above address.

This document can be made available in other accessible formats as soon as practicable and upon request.

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Executive Summary

This Financial Plan has been prepared to address the Corporation of The Town of The Blue Mountains (Town), Thornbury Municipal Harbour's (Harbour) long term Financial Plan from 2020-2035. The plan outlines how the Harbour can apply the financial principles of a user fee regime and remain financially sustainable long into the future.

The Harbour is a fully user-fee funded Division within the Town and does not rely on any taxation for its Operations. The Harbour's revenue is made up of various user fees, and it is these fees that are solely used to recuperate the costs of operating the Harbour and investing in its capital assets.

The Harbour Financial Plan not only ensures that the Harbour is financially sustainable, maintains inter-generational equity, but that it builds Reserve Funds in order to avoid large fluctuations in user-fees from year to year and ensures that debt is not required in the future to pay for capital replacements and improvements. This Plan also ensures that the Harbour maintains its capital assets in good working condition, while also maximizing any grant opportunities.

The plan outlines financial forecasts that consider operational expenses as well as a long-term capital plan which includes replacement and upgrades of the Harbour's assets such as dock replacement, hydro equipment replacement, facility works and environment driven costs i.e. low or high water levels. This plan identifies transfers to its Reserve Fund to offset the estimated costs of capital work.

This Harbour Financial Plan describes the importance of an Asset Management Plan, details the Operating Budget, Capital Budget, and also includes details regarding the Transfers to Reserve Funds and Forecasts, as well as assumptions and constraints that have been made when writing this Plan.

The Plan also describes the background of the Thornbury Harbour, including its history, amenities, and charitable giving and events, Harbour Regulations and By-laws, including the Parks and Facilities Regulations By-law as well as the Harbour Lease Agreement with the Department of Fisheries and Oceans Canada.

Thornbury Municipal Harbour

Background

The Town of The Blue Mountains was formed by the amalgamation of the former Town of Thornbury and former Township of Collingwood in 1998. The Thornbury Harbour is located at the south end of Nottawasaga Bay between Collingwood and Meaford at the mouth of the Beaver River.

The Harbour began operating, unofficially, as a recreational harbour prior to 1967 when the Reef Boat Club began sailing out of the area. In 1983, the Reef Boat Club moved to Meaford and in, June of 1983, a group of local boaters formed the Thornbury Yacht Club (TYC). In the early 1990's the Town of Thornbury received a provincial government grant which helped with the construction of many facilities that are currently in place today.

The Harbour is owned by Her Majesty the Queen, in right of Canada, represented by the Minister of Fisheries and Oceans. 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. Because the Town does not own the Harbour, the former Town of Thornbury secured a renewable lease with the Federal Government in July of 1985 to operate the Thornbury Municipal Harbour.

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.

In 2007 the harbour began undergoing a dock rehabilitation program by replacing all main and finger docks over a period of 8 years ending in 2015 at a total cost of \$1,116,735. In 2013 due to low water levels, the Harbour undertook a dredging program of the main basin at a cost of \$215,040. Because of the significant expenses of these two capital projects, the Town took out a fifteen-year serial loan in 2017 in the amount of \$611,990 to fund these projects. This loan will be paid back in full in 2033.

The dock replacement program was initiated as the existing docks were past, at, or approaching the end of their useful life. This program has been a successful program that has provided safe docking facilities for vessels that include enhancements such as, a cable chase that allows the hydro and water lines to stay below the deck of the docks, provision for new hydro pedestals that include lights, stable docks that don't bend or twist.

The replacement also gave staff the opportunity to assess trends and needs from the waiting list. When H dock was replaced, the finger docks were changed from 20' to 25' as there was a significant portion of the waiting list that sought slips in that size category. Similarly, when E

and F docks were replaced, the fingers were replaced with longer fingers to help with pressures identified by waiting list sizes. A dock's redesign was significant. It was the last opportunity to increase the amount of 36' and larger slips. Prior to the redesign, there were 3 slips available for vessels 36' and larger, after the redesign, 7 additional slips are now available.

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

Amenities

The Harbour supplies seasonal and transient mooring along with various secondary services including fuel, pump outs, seasonal land storage, and launch facilities. The Harbour is located in the heart of Thornbury with stunning views of Georgian Bay and includes public washrooms, an outdoor pavilion, a pier, more than 800 metres of sidewalk/concrete walking trails, a parking area and a launch ramp available to the public.

The Harbour offers over 2,100 feet of main dockage and 3,590 feet of finger/slip dockage including all necessary anchoring systems, ingress/egress ramps and hydro outlets. And although the Harbour has space for approximately 240 slips, there is a large demand and the Harbour has an ongoing waiting list. Harbour also welcomes transient boaters and can accommodate vessels up to 85 feet in length, up to 20-foot beams with a maximum draft of 7 feet.

The Harbour offers a shower, a washroom building and fish cleaning station for both seasonal and transient customers. Additionally, pump-outs are also offered, and the Harbour has fuel and other merchandise available for sale. Off season land storage is also offered and many Harbour users take advantage of this service. In addition to winter storage, during the Harbour season, summer sailor day storage and kayak storage is also offered.

The harbour area is a significantly utilized area for fishing, both by boat and by land. For people with boats, they have the ability to access a slip seasonally, on a transient basis or by use of the launch ramp. People who fish by shore can fish along the banks of the Beaver River or at the mouth. Harbour staff maintain the property in these areas including waste receptacles and the Fish Cleaning Station. Launch Ramp passes and Fish Cleaning station access is administered by the harbour staff.

The harbour has been described as a park that happens to have water and docks in it. The property has trail connections to the Georgian Trail as well as paths leading around the harbour. There are numerous benches, picnic tables and seating areas along the trails and throughout the property as well as many different viewing opportunities of the Bay. Functionally the pier provides protection to the harbour from the prevailing winds and holds a conduit for power to the range light that helps direct vessels into the harbour from the bay. It

also provides opportunities for residents and visitors to get close to the water including fishing and swimming.

Charitable Giving/Events

Throughout the season, the Harbour has many events that are hosted by the Thornbury Yacht Club and other associations.

The Thornbury Yacht Club, a small, not-too formal association of sail and power boat enthusiasts who keep their boats in the Thornbury Harbour. The club operates independently of the Thornbury Harbour but maintains a close relationship with the Harbour Staff.

The Thornbury Yacht Club organize club racing, laser racing/educational programs racing, social and educational functions year-round at local venues. Functions vary from pub nights at local venues, to charity events such as Sail for Hope that raised over \$100,000 for the Canadian Cancer Society. Additional details are included in the staff report.

The Thornbury Yacht Club is one of the harbour's greatest assets. The Thornbury Yacht Club represent approximately 50% of the vessels in the harbour. Some of the contributions that have been made include: the mast crane, flagpole, security cameras, WiFi, pavilion, and Sail for Hope. The Club continues to participate in fundraisers annually. All of the social events including fundraisers that the Club organizes utilize either local restaurants or local grocery suppliers.

The Georgian Bay sailing and cruising regatta, the MeaBuryWood Challenge and the Georgian Bay Laser Regatta Festival are all events that are organized, begin and or end in the Thornbury Harbour. All of these events support Ontario Sailing. These events are executed by separate organizations that have all experienced success in The Blue Mountains.

Regulations and By-laws

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 following lists the Agreements and By-laws that allow for the Operation of the Harbour.

As the Harbour property is Federally owned, the property is subject to Environment and Climate Change Canada Regulations. Specifically, regulations relating to the fuel system. Canadian Environmental Protection Act 1999, Storage Tank Systems for Petroleum Products and Allied Petroleum Products Regulations SOR/2008-197. Over recent years, Town staff have worked with Environment and Climate Change Canada Staff to ensure compliance.

Ownership

The Harbour is owned by Her Majesty The Queen, in right of Canada, represented by the Minister of Fisheries and Oceans. Because the Town does not own the Harbour, the former

Town of Thornbury secured a renewable lease with the Federal Government in July of 1985 to operate the Thornbury Municipal Harbour. In order to do this the Town must enter into a Lease Agreement with the Minister of Fisheries and Oceans every five years to secure the use of this land. In turn, the Harbour agrees to pay a rental fee each year to the Minister of Fisheries and Oceans.

The lease agreement and rental fee is standard with all Small Craft Harbours owned by the Department of Fisheries and Oceans and does not allow for negotiation. However, at each lease renewal opportunity, staff will contact representatives of the Department of Fisheries and Oceans to formally request to negotiate the terms of the lease in an effort to limit the lease payment. The current rental fee requires the Town to pay \$500 per annum plus tax, or 20% of gross revenue plus tax, whichever amount is greater.

2015-10 Parks and Facilities Regulations By-Law

The rules and regulations of use for the Thornbury Harbour are set out in the Town's 2015-10 Parks and Facilities By-law. This By-law provides 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. Part VI – Watercraft covers rules and regulations specific to watercraft and to the Harbour, while other sections cover more general park rules, such as domestic animals needing to be leashed.

Fees and Charges By-law

The Town produces a comprehensive Fees and Charges By-law each year for certain Municipal Services and Activities. This By-law establishes the various fees and charges for the Harbour on an annual basis.

The Fees and Charges are reviewed each year during the Budget Process and any suggested changes to the fees are included in the Annual Budget. This Plan includes proposed increases each year to the Mooring Fees, Winter Storage, and Hydro Outlets in order to ensure the long-term sustainability of the Harbour. Details of the specific fees are discussed later in this Plan in the [Fees and Charges](#) section of this Plan.

2020-2035 Harbour Financial Plan

Purpose

This Financial Plan has been prepared to address the Thornbury Harbour site and associated amenity spaces. Harbour users expect a well-maintained harbour that provides amenities such as hydro, washroom and shower facilities, fuel and merchandise sales, and well-equipped staff. 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 is available for their use and enjoyment. It is this responsibility that guides staff in its day to day operations, long term planning and recommendations to Council.

It is also understood that members of the Harbour enjoy benefits and services that are not available to non-Harbour users, and therefore, should pay for these benefits and services. The Harbour Financial Plan has been built on the basis that taxation should not pay for services offered at the Harbour, but all operations and capital expenses are to be funded by User Fees.

Because the Harbour is fully funded through user-fees, a long-term financial plan is necessary to ensure the sustainability of the Harbour. This long-term financial plan will not only ensure that the Harbour can fully fund itself long into the future, but also that it maintains inter-generational equity to avoid burdening future generations in order to benefit current users, and vice-versa.

The budgets and forecasts included in this plan provide great detail in outlining a 15-year plan incorporating annual operating and capital projections. This Financial Plan ensures ratepayers are aware of the investment in physical infrastructure that will be taking place at the Harbour, as well as how it will be funded. Additionally, this Plan outlines the operating costs that are incurred by the Harbour which are paid through user-fees on a pay as you go system, meaning that current year revenues pay for these expenses.

The plan laid out in this document will maintain the Thornbury Harbour for current and future residents and users. The Town 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 and the investment and renewal required to sustain existing infrastructure.

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 that will continue to offer the same level of service that is currently offered at the Harbour.

Asset Management

To enable the delivery of services that Harbour users expect, the Harbour has significant capital assets, including the following:

- Harbour Master Office
- Shower Building and Public Washrooms
- Outdoor Pavilion
- Fish Cleaning Station Building
- Fuel System
- Vehicle
- Over 800 metres of sidewalk walking trails
- Gravel and asphalt parking areas
- Over 2,100 feet of main dockage and 3,590 feet of finger/slip dockage including all necessary anchoring systems, ingress/egress ramps and hydro outlets.

Because of the significant amount of capital assets owned by the Harbour, it is essential that an Asset Management Plan be in place to ensure that capital assets are replaced when their useful life is up while getting the longest life possible out of these assets before they are replaced. An Asset Management Plan also ensures that facilities and assets have a condition assessment completed to ensure that these assets do not go into a state of disrepair or become unsafe to use. Asset Management is an integral part of the Town's capital asset and infrastructure management planning and allows the Town to plan for long term capital replacements and annual preventative maintenance.

Currently the Town has an Asset Management Plan for non-linear and linear Infrastructure. These Plans will need to be updated as dictated by the Ontario Regulation 588/17. The Town will be updating their Asset Management Plans in sections (Fleet, Roads, Facilities, etc.) and will have an overarching Asset Management Plan in place by the July 1, 2021 deadline.

These Asset Management Plans supply staff with the appropriate information to make informed recommendations to Council. As these individual Asset Management Plans are written, all applicable Harbour capital assets will be included within each Plan and will be encompassed in the Town's overarching Asset Management Plan.

The current Asset Management Plans that the Town has, as well as the updated plans that will be presented to Council over the next year and a half are tied very closely to the Harbour's Capital Budget, as well as its Operating Budget.

The Operating Budget includes budget for the day to day repairs and maintenance of the Harbour's assets, as well as its preventative maintenance program. The Capital Budget includes a plan for all of the major capital assets owed by the Harbour. Details about each of the capital assets, their lifecycle and planned replacement costs are presented in more detail in the [Capital Budget](#) section of this Plan.

Budget Process

The Harbour participates in the Town's annual budget process, which presents a three-year Operating and five-year Capital Budget, as well as any proposed changes to the Fees and Charges By-law. The current 2020 Budget and all future Harbour Budgets will be presented in line with this Long-Term Financial 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.

Operating Budget

The Harbour's Operating Budget that is included in this Plan includes expenses and revenues that are needed for the day-to-day Operations of the Harbour. 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-fees within the year the costs are incurred.

The Operating Budget includes such things as salaries and benefits, vehicle expenses such as gas and maintenance, rent that is payable to the Ministry of Fisheries and Oceans, debt payments, and any small repairs and maintenance to the Harbour.

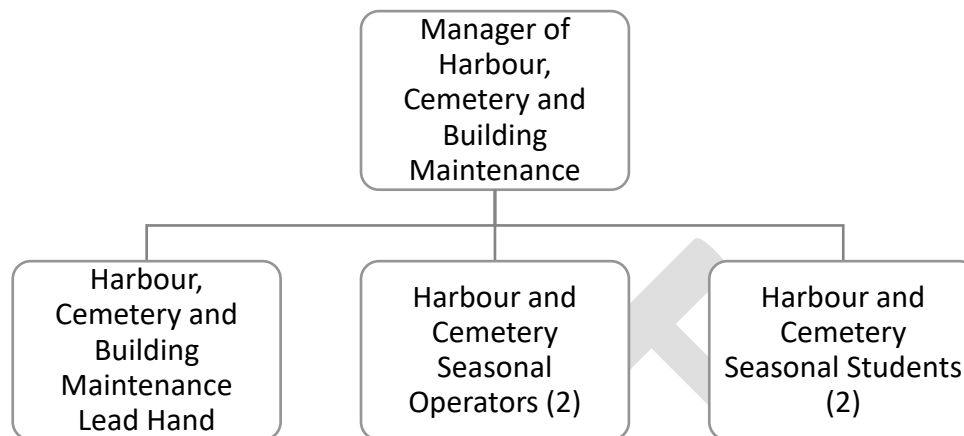
The Operating Budget also includes any inter-functional (inter-departmental) transfers, as well as any transfers to or from the Harbour Reserve, and all revenues collected from user-fees. The following paragraphs outline some of the significant elements of the Harbour's Operating Budget.

Staff Compliment

The Thornbury Harbour is overseen by the Manager of Harbour, Cemetery and Building Maintenance, who reports to the Director of Community Services. The current staff compliment includes the Manager, a Lead Hand, two Seasonal Operators, and two Seasonal Summer Students. This Plan does not forecast any changes to the current Harbour staff compliment.

Staff are responsible for the delivery of services and maintenance of the Harbour area including boat dockage, fish cleaning station, public park space, public washroom, shower facilities, and the main Harbour master office and meeting space. In addition to this, staff are also

responsible for both preventative and unplanned maintenance of the aforementioned elements.



Inventory Expenses

Inventory Expenses represent a significant portion of the Harbour Budget, which is essential for continuing to offer the current level of service. This inventory includes gas, diesel and smaller items such as ice, which are made available for sale to Harbour users. The sales from this inventory is reflected in the operating budgets revenues, at a reasonable mark-up. The revenue from the sale of fuel covers the costs of the seasonal student that operates the pumps, as well as the maintenance and ultimate replacement of the fuel system. This is discussed in more detail in the [Capital Budget – Fuel System Upgrades or Replacement](#) section of this Plan.

This Plan is calculated with the assumption that this service will continue to be offered, with the revenues paying for the service as well as the capital replacement of the fuel system.

Rental Payment

The Harbour is not owned by the Town and, as part of the lease agreement, the Harbour must pay an annual rental fee based on 20% of the Harbour's gross revenues, plus tax. This rental fee is included in the operating budget. The annual rental payment for 2020 is estimated at approximately \$87,250 and increases to \$125,775 by 2035 as revenues increase.

The current lease agreement is set to expire in 2020 and a new Agreement will need to be entered into. This Plan is calculated based on the assumption that the annual rental payment calculation will not change.

Debt Payment

From 2007 to 2016, the Harbour dredged the main basin and replaced all of the docks.

The dock replacement program ran from 2008 to 2015 and cost a total of \$1,116,735. Funding for these replacements consisted of \$295,070 from Federal Grants (Department of Oceans and Fisheries), \$424,715 from current year mooring fees, and the remaining \$396,950 in long-term

debt. The dredging took place in 2013 at a total cost of \$215,040 and was 100% funded through the long-term debt.

In 2017 the Town secured a 15-year, \$611,990 Serial Loan with payments to be made twice per year. The 2020 interest and principal payments total \$58,205 and decline slightly each year, with the last payment being made in 2033.

Annual Fees

In order for staff to operate the Harbour, a number of annual memberships and service agreement fees are required. These annual memberships include Boating Ontario, the Hazardous Waste Information Network, as well as Clean Marine.

The Harbour pays an annual software license for its Marina Management Software which provides customer management, point of sale, waiting list management and haul out/launch scheduling, among other features. The Harbour also licenses its fuel facility under the Technical Standards and Safety Authority (TSSA). This requires annual fees and a non-scheduled inspection every 3 years.

Additionally, due to the seasonal nature of the Harbour, some annual costs are incurred that are required for the smooth operation of the Harbour. This includes placing and retrieving swim buoys at the beginning and ending of each season and connecting and disconnecting hydro at the docks. These various annual fees are included in the annual Harbour operating budgets and no large changes are anticipated.

General and Preventative Maintenance

The Harbour owns various assets that require general and preventative maintenance to keep the assets in good working condition and to extend their useful life for as long as possible. These assets include a vehicle, boat dockage, fuel pumps, public park space, public washroom, shower facilities, and the main Harbour master office and meeting space.

Some of this maintenance includes regular vehicle maintenance, such as oil changes and brakes, small plumbing materials and gravel for paths, and small dock repairs.

Some of this preventative maintenance also ensures a healthy and safe Harbour for all users and visitors such as aquatic vegetation control, wildlife management, water backflow device testing, fire extinguisher testing, and the use of an arborist when needed. Any general or preventative maintenance is included in the annual operating budgets.

Inter-functional Charges

The Town has two types of Inter-functional Transfers. The first type includes actual expenses and charges. For example, the Parks Division cuts the grass and maintains the green space in the Harbour and the Parks Division charges the Harbour for the time and equipment costs.

The second inter-functional transfer is based on time that is not or can not be specifically calculated. For example, the Finance Department assists the Harbour in putting together its

annual budget, and for example, this Plan, and the Harbour in turns pays for these services. The current calculation is based on staff Full-Time Equivalent (FTE) positions, although this will move to a more accurate system as the Town implements electronic time tracking for its staff. This Plan calculates these Inter-functional transfers based on the current FTE calculations and projections.

In 2020, these Inter-functional charges total \$45,750 and increase to \$55,500 by 2035 as Salaries and Benefits are expected to rise through the Cost of Living increases.

Transfers to and from Reserves

The Harbour has its own Reserve and Staff are proposing that this Reserve be changed to a Reserve Fund. This will allow the Reserve Fund to accumulate interest on its own funds that can be re-invested into the Harbour.

The operating budget includes a transfer to Reserve Fund each year to ensure that all future capital needs are funded through this Reserve Fund, as opposed to using the issuance of debt.

Any surplus that the Harbour incurs from its operations is also transferred to the Reserve Fund, and any time the Harbour accumulates a deficit in a year, this balance is transferred from the Reserve Fund to cover the short-fall. Although staff make every attempt to balance the Harbour budget each year, small changes in the operating budget from one year to the next makes this difficult without having large fluctuations in the fees each year.

These transfers to and from Reserve Funds are included in the annual operating budget. A more detailed description of the Harbour Reserve Fund, including annual forecasts and targets is described in detail in the [Reserve Funds](#) section of this Plan.

Revenues

The Harbour is a fully user-fee funded division within the Town and does not rely on any taxation to pay for its operations. 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 proposed in this Harbour Financial Plan considers the funding needs for both operating and capital. A detailed description of the various fees and charges for the Harbour are included in the [Fees and Charges](#) section of this Plan.

2020 – 2035 Operating Budget

The chart on the following page illustrates the Harbour's Projected Operating Budget from 2020-2035. However, like all budgets, this is staff's best estimate at this time of the expenses that will occur over the length of this Financial Plan.

Unplanned maintenance, unplanned expenses, and changing priorities can and will occur over the next fifteen years. The annual budgets presented through the Town's annual budget will reflect these changes.

2020-2035 Operating Projected Budget

The following chart outlines the Harbour’s Projected Operating Budget from 2020 to 2035 at the same level of service throughout all fifteen years.

Harbour	2019 Budget	2020 Budget	2021 Budget	2022 Budget	2023 Budget	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget	2030 Budget	2031 Budget	2032 Budget	2033 Budget	2034 Budget	2035 Budget
Expenses																	
Salaries and Benefits	207,395	210,664	213,453	216,272	220,546	224,905	229,352	233,887	238,513	243,232	248,045	252,955	257,962	263,070	268,280	273,594	279,014
Administrative Expenses	2,750	4,750	4,845	4,940	4,925	2,785	2,805	3,435	2,905	2,905	2,975	3,630	3,075	3,075	3,085	3,775	3,185
Operating Expenses	91,750	94,925	94,925	94,925	91,800	91,800	91,825	91,825	91,850	91,850	91,875	91,875	91,900	91,900	91,925	91,925	91,950
Communications	4,195	5,675	5,790	5,910	6,149	6,264	6,387	6,508	6,636	6,761	6,894	7,024	7,162	7,298	7,441	7,582	7,731
Personnel and Training	11,960	12,665	9,523	9,715	12,766	12,905	13,096	13,241	13,438	13,589	13,792	13,948	14,158	14,321	14,537	14,706	14,929
Utilities	15,955	14,582	14,741	14,913	15,237	15,568	15,907	16,253	16,608	16,970	17,341	17,720	18,108	18,505	18,911	19,326	19,750
Equipment Related	5,140	5,030	6,700	5,185	5,143	5,244	5,348	5,454	5,562	5,674	5,788	5,905	6,026	6,149	6,275	6,405	6,538
Vehicle and Fleet Related	2,490	2,410	2,460	2,510	2,569	2,628	2,690	2,753	2,817	2,882	2,950	3,019	3,089	3,161	3,235	3,311	3,388
Legal Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Consulting	1,500	10,000	0	0	1,500	1,500	1,500	2,000	2,000	2,000	2,000	2,000	2,500	2,500	2,500	2,500	2,500
Purchased Services	12,000	34,120	34,800	35,500	36,210	36,934	37,673	38,426	39,195	39,979	40,778	41,594	42,426	43,274	44,140	45,023	45,923
Debt Payments	59,465	58,205	56,846	55,537	54,230	52,950	51,607	50,300	48,990	47,700	46,370	45,060	43,750	42,445	20,730	0	0
Financial Expenses	9,630	13,005	13,445	12,895	12,966	13,253	13,546	13,846	14,153	14,467	14,787	15,115	15,450	15,793	16,144	16,502	16,868
Premise and Site	129,625	109,704	110,028	112,971	127,477	130,115	132,754	135,395	138,038	140,682	143,328	145,976	148,626	151,278	153,932	156,588	159,245
Total Expenses	553,855	575,735	567,556	571,273	591,517	596,851	604,490	613,323	620,704	628,691	636,924	645,822	654,233	662,769	651,134	641,236	651,023
Transfers																	
Transfers to Capital	45,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers to Capital Levy	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers to Reserves	0	46,795	60,012	49,460	50,770	74,123	53,393	54,700	87,237	81,734	85,179	89,147	93,006	103,896	125,329	148,857	142,426
Transfers from Obligatory Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers from Other Reserves	(4,645)	(7,310)	0	(426)	(17,136)	0	(8,605)	(\$3,962)	0	0	0	0	0	0	0	0	0
Interfunctional Transfers	26,440	45,755	47,767	45,458	46,546	47,655	48,786	49,938	48,415	46,861	48,028	49,219	50,433	51,672	52,935	54,224	55,539
Total Transfers	66,795	85,240	107,779	94,492	80,180	121,778	93,574	100,677	135,652	128,595	133,207	138,366	143,439	155,568	178,264	203,081	197,965
Total Transfers and Expenses	620,650	660,975	675,335	665,765	671,696	718,629	698,064	713,999	756,357	757,285	770,131	784,188	797,671	818,337	829,399	844,318	848,988
Revenue																	
Grants and Donations	0	35,000	35,000	11,000	2,500	35,000	0	1,000	28,920	15,410	13,815	13,430	12,470	18,690	15,305	15,775	5,995
External Revenue	620,650	625,975	640,335	654,765	669,196	683,629	698,064	712,999	727,437	741,875	756,316	770,758	785,201	799,647	814,094	828,543	842,993
Subsidies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Revenue	620,650	660,975	675,335	665,76	671,696	718,629	698,064	713,999	756,357	757,285	770,131	784,188	797,671	818,337	829,399	844,318	848,988
Net Cost of Service (Taxation)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Capital Budget

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 Financial Plan is developed based on the various life cycles and useful life assumptions of its capital assets.

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 Community Services. The resulting annual capital budgets are considered by Council following the public participation process.

Over the next fifteen years, there are significant capital costs required to upgrade and maintain the Harbour. Over the next five years a total of \$250,000 is being proposed to be spent on capital projects, and approximately \$530,000 over the fifteen years of this Financial Plan.

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.

This Plan has been designed so that annual transfers to the Harbour Reserve Fund and grant opportunities will fund these capital projects.

Government Grants

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, and this plan has structured its capital projects in a way that maximizes funding opportunities. Currently, this grant will fund 50% of capital projects, up to a maximum grant amount of \$35,000.

Staff will continue to look for other grant opportunities that become available to maximize this revenue stream in any way.

Long-Term Capital Plan

The Town's annual budget includes a five-year capital plan, and although this Financial Plan covers a longer term of fifteen years, to ensure long-term financial sustainability of the Harbour, an even longer term needs to be analyzed. This is because many of the major Harbour assets have a greater estimated life than fifteen years, such as the dock frames (60 years),

flotation and anchoring system (30 years), wood decking (20 years) fuel system replacement (25 years) and the possible need for dredging, which is much harder to estimate a time for.

Because these assets have long life expectancies and in some instances, major replacement costs, a Financial Plan must ensure that the Harbour can sustain itself long into the future with sufficient annual contributions to the Reserve Fund.

It is important to note that this Plan calculates the annual Transfer to Reserve Funds based on the capital projects in this plan, which will include such projects as the steel frame dock replacements which will take place some time around 2067-2076. Although many of the current Harbour users may not still be Harbour users at that time, the current Harbour users are enjoying the current steel frames and should therefore be contributing to the future replacement of these assets. This principle intends to equitably distribute the capital costs across present and future users.

The following pages detail the major capital projects that the Harbour is expected to undertake over the length of this plan, as well as the capital projects that Harbour users will be making contributions for that are planned to take place in 2036 and beyond.

Dock Reconstruction and Rehabilitation

In integral part of the Harbour, the dock system is one of the largest assets belonging to the Harbour. From an asset management perspective, the dock is comprised of four components; the wood decking, flotation, anchoring system, and frames. These four components have different useful life's and in the next several years, certain components will need to be replaced at different times.

In 2007 the harbour began undergoing a dock rehabilitation program by replacing all main and finger docks over a period of 8 years ending in 2015 at a total cost of \$1,116,735. All of the four major components were replaced at this time. The following schedule looks at the replacement program for the dock system.

Dock Component	Useful Life	Replacement Schedule			
Wood Decking	20 years	2027-2035		2047-2055	2067-2076
Flotation	30 years		2037-2046		2067-2076
Anchoring System	30 years		2037-2046		2067-2076
Frames	60 years				2067-2076
Estimated Cost		\$212,500	\$778,500	\$250,000	\$3,060,000

Based on the estimated useful life of the dock components, funding for the wood decking replacement in 2027-2035, flotation system replacement in 2037-2046, anchoring system replacement in 2037-2046, and frame replacement in 2067-2076 will need to be partially funded by transfers to Reserves during the duration that this Financial Plan covers. This will

assure that both current and future Harbour users pay their share for asset replacement while they enjoy their use. It is estimated that roughly \$65,000 per year needs to be put aside for the dock replacement program. The replacement costs indicated in the chart above includes estimated inflation.

It is important to note that current transfers to the Reserve Fund for the wood decking, flotation and anchoring system and frames will only be used to fund the first scheduled replacement, and not all of the replacements listed. For example, current Harbour users contributing to the Reserve Fund are putting aside funds for the wood decking replacement that is scheduled to take place from 2027-2035. Funding for the next wood decking replacement (2047-2055) will be funded during the years 2036-2055, and so on. This ensures that Harbour users today are not paying significantly more, or significantly less than future Harbour users for capital improvements or replacements.

Harbour staff will also 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 users. Such an example would be the use of wood composite materials or non-pressure treated woods used as dock decking or metals which have longer expected lifespans or are less harmful to the environment.

Hydro Upgrades and Replacement

One of the amenities offered to Harbour users are hydro outlets available at the docks. Upgrades to the hydro system took place in 2015 at a cost of about \$90,000. It is estimated that these upgrades will have a useful life of 60 years and the chart below illustrates the replacement schedule.

Asset	Useful Life	Replacement Schedule
Hydro Upgrades and Replacement	60 years	2075
Estimated Cost		\$230,000

Based on the estimated useful life of hydro the system, funding for its replacement would take place throughout the next 55 years, and average about \$4,000 per year. The replacement costs indicated in the chart above includes estimated inflation.

It is important to note that not all Harbour users elect to have hydro at their docks. Therefore, the hydro fee that is charged for those that do use this feature is carefully monitored. This is to ensure that the revenue that is received by this fee not only covers the hydro costs that the Harbour must pay to the utility company, but also that it covers the asset replacement cost.

At this time, it is recommended that the fee for a seasonal hydro outlet be increased by \$0.50 per year. The current rate fees and proposed increases will ensure that the fees for hydro outlets cover the costs of hydro and capital replacement costs.

Vehicle Replacement

Harbour staff have a vehicle available to them for the various tasks that are needed to perform their duties. The estimated useful life for Town vehicles is ten years, and the Harbour acquired its current vehicle in 2017 at a cost of \$27,500. The chart below illustrates the Harbour vehicle replacement schedule.

Asset	Useful Life	Replacement Schedule	
Vehicle	10 years	2027	2037
Estimated Cost		\$31,900	\$37,000

It is important to note that current transfers to the Reserve Fund for the vehicle replacement will only be used to fund the first scheduled replacement, and not the additional replacements listed. For example, current Harbour users contributing to the Reserve Fund are putting aside funds for the vehicle replacement that is scheduled to take place in 2027. Funding for the next vehicle replacement (2037) will be funded during the years 2028-2037, and so on. This ensures that Harbour users today are not paying significantly more, or significantly less than future Harbour users for capital improvements or replacements.

Staff will constantly monitor the need for a Harbour vehicle as well as look at options that are more environmentally friendly, or available for gas tax funding. Additionally, staff also consider taking over a vehicle that may be at the end of its useful life for another Division within the Town, such as the Fire Department for example, but may still be suitable for use at the Harbour.

Fuel System Upgrades or Replacement

Another amenity offered to Harbour customers is the availability to purchase fuel (gas and diesel) at the Harbour. Upgrades to the fuel system are currently taking place and are scheduled to be completed in 2020 and be funded through the Harbour Reserve at an estimated cost of slightly over \$300,000. It is estimated that this replacement will have a useful life of 25 years and the chart below illustrates the replacement schedule.

Asset	Useful Life	Replacement Schedule
Fuel System Replacement	25 years	2044
Estimated Cost		\$435,000

Based on the estimated useful life of fuel system, funding for its replacement would take place throughout the next 25 years, and average about \$17,000 per year. The replacement costs indicated in the chart above includes estimated inflation.

It is important to note that not all Harbour users take advantage of this service, therefore, the fuel costs that are charged for those that do use this feature is carefully monitored. This is to

ensure that the revenue that is received through fuel sales not only covers the costs of purchasing the fuel, but also covers the asset replacement cost, as well as preventative maintenance and staff time to provide this service.

Currently, the Harbour makes an average mark-up revenue of about \$25,000 on its fuel sales each season, although this does depend on the volume of sales. Currently, just over 30% of this revenue (\$8,000) is needed to cover the cost of a staff member's estimated time that is spent providing this service as well as to provide preventative maintenance to the fuel pumps. The additional 70% of the revenue (\$17,000) therefore covers the cost that is needed to be transferred to the Reserve Fund for the fuel systems eventual replacement.

Environmental Related Works

In 2013 due to low water levels, the Harbour undertook a dredging program of the main basin at a cost of \$215,040. At this time, staff are proposing that some funds be set aside each year for the possibility that dredging may be required again in the near future. In order for a value to be calculated, staff have put an estimated useful life of the dredging at 25 years, although this could vary by years. Additionally, current water levels are reaching an all time recorded high. Due to this trend, the harbour will not require dredging in the short term but may require some other works related to the current water levels. The current water level cycles are unpredictable and may require work during times of low water and times of high water.

Additional considerations need to be made when reviewing the impacts of high water. Any action that is taken should be made within the context of an overall shoreline rehabilitation effort. If water continues to rise as predicted in some models there will be impacts to harbour assets that specifically benefit harbour customers and other assets that benefit the general public. In that context, staff will be considering funding sources between user fees and taxation. Staff continue to monitor water levels and work with groups, agencies and associations to review any solutions or opportunities that may be available. The chart below illustrates a funding schedule.

Capital Project	Useful Life	Replacement Schedule
Environmental Related Works	25 years	2038
Estimated Cost		\$300,000

The primary driver of costs is dredging. It is staff's target to set aside at least 50% of a forecasted cost of dredging and to apply for any available government grants at the time to cover additional funding. Currently, it is proposed that about \$8,000 per year be set aside into a Reserve Fund for any future dredging or major unplanned event.

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 and may require a significant increase to the Reserve Funds each year.

Facility Repairs

In spring and summer months of 2018 the Town undertook a Facility Condition Assessment of all Town owned facilities. Through this Condition Assessment, a schedule was prepared that listed, by year and cost, any repairs and maintenance that was required to the Harbour main office building and Harbour washroom and shower building.

Currently, the Town does not have any staff members whose main task it is to oversee the maintenance and repairs of town-owned facilities, and instead each manager is responsible for their own facilities. Because of this, no major work has been done from the schedule that was prepared in 2018.

However, the 2020 Proposed Budget includes a proposed staff member addition to oversee all facility maintenance and repairs. Because of this, and because these repairs do need to take place to ensure that the Harbour facilities remain in good condition, it is proposed that funds are set aside each year in the Reserve Fund in order to pay for these repairs when they take place.

It is estimated that \$300,000 will need to be spent over the next fifteen years on these two Harbour buildings to maintain them in good condition. It is proposed that \$18,000 per year be set aside in the Reserve Fund to pay for these improvements and repairs.

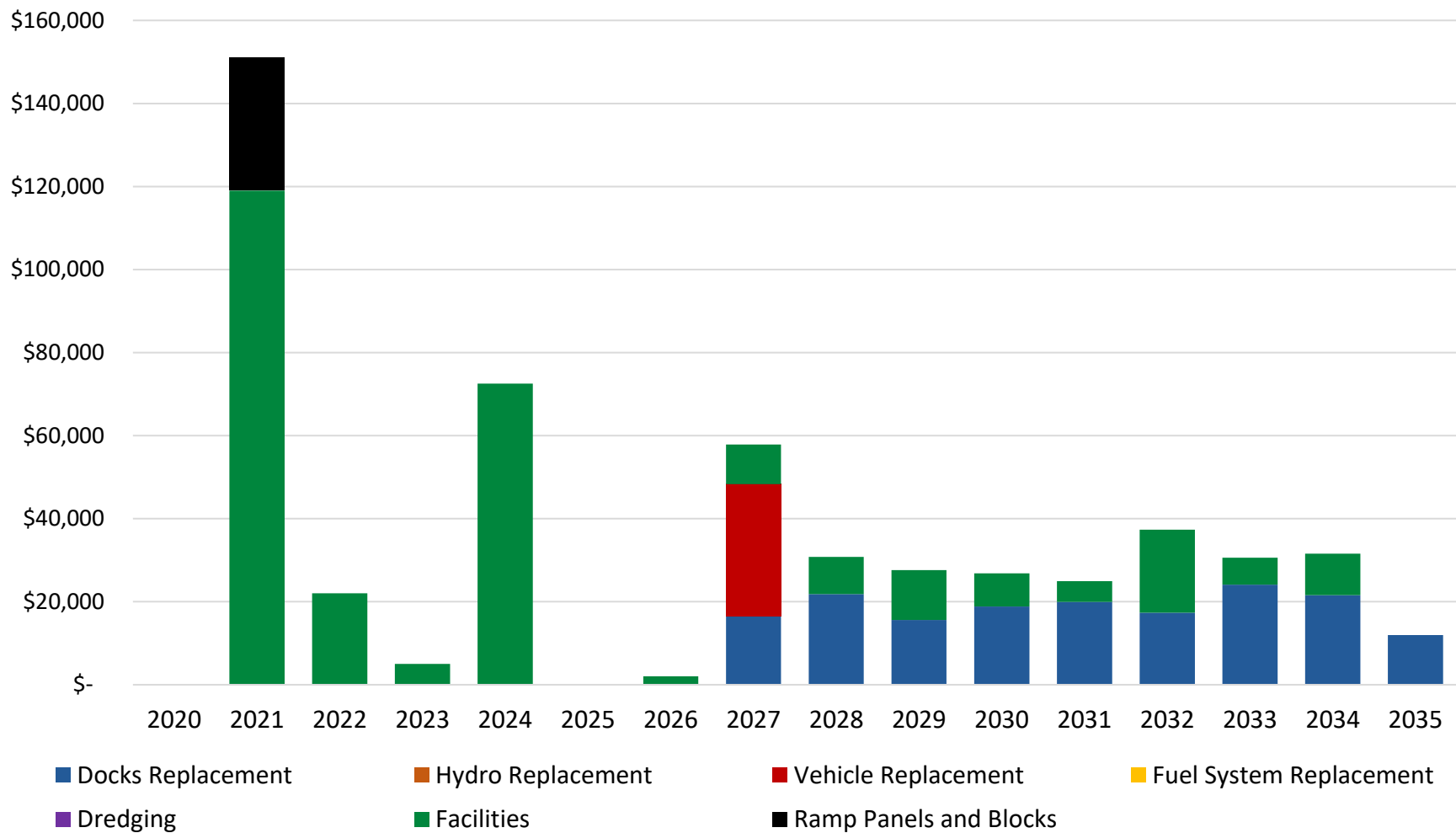
Ramp Blocks and Panels

The Harbour ramp blocks and electrical panels are scheduled to be replaced in 2021 at an estimated cost of \$32,000. No further replacement or repairs of the ramp blocks and panels are considered in the Plan, due to the long useful life of the ramp blocks and future electrical panel replacements have been considered in facility condition assessments as well as dock hydro replacements. The cost of this capital project will be funded by the Reserve Fund.

The charts on the following pages summarize the capital program first over the next fifteen years, and then over the next 55 years to illustrate the full lifecycle of many of the Harbour assets.

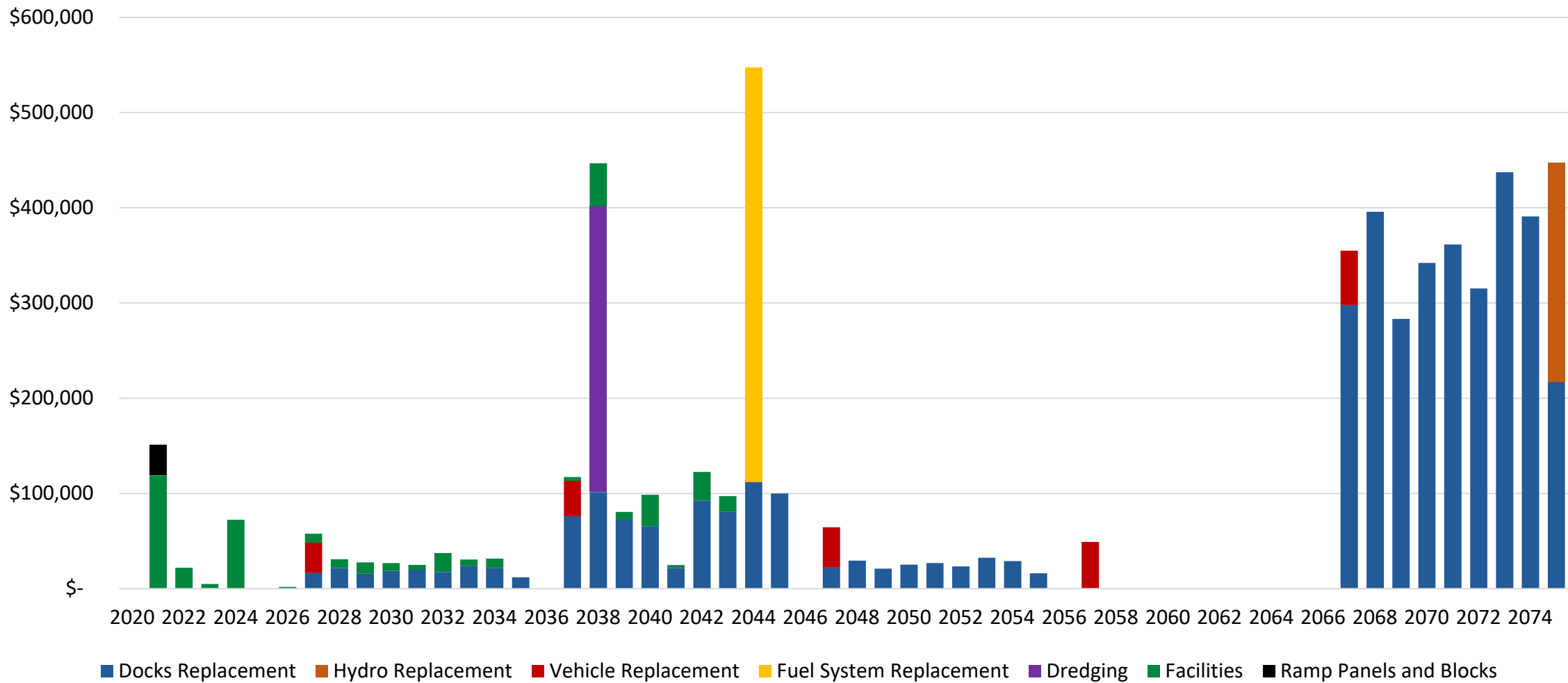
Fifteen Year Harbour Capital Plan

The chart below summarizes the type and amount of expenditure required each year to renew or rehabilitate the existing infrastructure within the Fifteen Year Harbour Capital Plan.



Long Term Projected Harbour Capital Plan

The chart below summarizes the type and amount of expenditure required each year to renew or rehabilitate the existing infrastructure during a much longer term. Long Term Financial Plans such as this one are important to ensure the long term financial sustainability of the Harbour, especially with forecasts that show that some years will require over \$500,000 of capital work.



Reserve Funds

Over the last number of years, the Town has transitioned its ideology about the use of Reserves and Reserve Funds and now attempts to fund all capital projects through the use of Reserves and Reserve Funds, as opposed to long term debt unless absolutely needed. The Harbour Financial Plan has also been modeled this way.

At the time of writing this Harbour Financial Plan, the Harbour had a Reserve which was created by a resolution from Council and is generally used to fund operating needs or emergency events. This type of savings doesn't incur interest. However, staff are proposing to change this Reserve to a Reserve Fund in 2020, which will be created through a By-law approved by Council. Reserve Funds are generally used for capital expenditures and this type of savings does incur interest.

This model has multiple benefits. First, the use of operating and capital reserves and reserve funds provides a more stable approach to budgeting. The amount of funding required for capital expenditures and certain operating expenses can vary greatly one year to the next, depending upon what is constructed or purchased. If Harbour fees were calculated each year on exactly how much was going to be spent each year, fees would vary widely from one year to the next. Instead each year, some amount of the revenue collected is set aside in reserves to save enough cash to fund capital projects. The funds placed in the reserve are held until they are needed.

Although many of the Harbour capital projects will reoccur at the end of each of the useful lives, there are also non-recurring projects that can create funding needs that are best funded over time. Others, such as the facility needs assessment project is one large project with multiple smaller repairs that are needed each year over multiple years. All of these capital projects will be funded through the Reserve Fund to ensure that annual rates do not fluctuate greatly for Harbour users.

Additionally, the use of reserves, if funded properly, allows enough funds to be available for major capital projects in the future, which will allow the Harbour to avoid taking out any additional debt. By transferring money each year to the Harbour Reserve Fund, the Harbour will be generating interest on these funds that can be reinvested back into the Harbour. Alternatively, if the Harbour does not have these Reserve Funds and has to rely on debt, instead of generating interest, Harbour users will be paying interest to fund their capital investments and improvements.

Intergenerational Equity

Because the Harbour obtained long-term debt for the dredging and dock-replacements that took place from 2007-2016, a careful balance has to be maintained from 2020 until the debt is fully paid back in 2033. Based on the capital plan in this Report, some of the decking for the docks will need to be replaced before the debt is paid off, and this will be funded through the Reserve Funds. Additionally, to ensure that fees do not have to be increased significantly in any

years, the Harbour must begin making payments to the Reserve Fund beginning in 2020 to ensure that its capital plan can be funded.

The Reserve Fund forecast has attempted to balance the payments of debt with payments into the Reserve Fund so that Harbour users today are not paying significantly more, or significantly less than future Harbour users for capital improvements. As shown in the operating budget, the contribution to the Reserve Fund increases at a steady rate each year from 2020 to 2033 and the debt payments get lower. The current Transfer to Reserve Fund forecast balances the debt payments while also ensuring that the Reserve Fund does not go into a negative position while funding the capital program.

This balance is important, as one of the guiding principles for financing decisions is the concept of generational equity. This principle intends to equitably distribute the capital 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 why a long-term financial plan is important.

A five-year capital plan, such as the one presented in the annual budget 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. Therefore, a fifteen-year capital plan allows staff to plan for future expenses beyond the five-year capital plan horizon to establish future financial requirements for the replacement of assets utilized within the first five 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 for smaller projects and annually placing money into reserves to offset the difference between the average annual needs of the five-year capital plan and the 15-year forecast.

As part of this long-term forecast, staff have established a 55-year Reserve Forecast for major capital projects. Although this plan only covers the next fifteen years in detail, the biggest capital project the Harbour takes on is the full replacement of the dock system, which includes decking, flotation, anchoring system and frames. Although these four components have different amounts of useful life, a full replacement of all four components will take place from 2067 to 2075 (estimated) and staff must ensure that a fair amount is being put away each year that would be fair to current and future users.

Transfers to Reserve Funds

Within the Harbours projected operating budget is an annual transfer to the Reserve Fund. This transfer will slowly grow each year as the debt payments decline, to ensure that there is not a large burden on the Harbour users over the next ten years as they continue to pay off the dredging and dock replacement debt from previous years, while also contributing to the future dock replacement and other capital projects contained within this plan.

The following chart illustrates the 2020 to 2035 Transfers to Reserve Funds, as well as the Harbour debt payments. This chart helps to illustrate the balance that has been established

between putting money aside for future capital replacements and paying the past capital projects. It should be noted that any surplus or deficit that the Harbour has in its operating budget will be funded by or transferred to the Reserve Fund.

Year	Transfer to Reserve	Debt Payment (interest and Principal)	Total
2020	\$ 46,795	\$ 58,205	\$ 105,000
2021	\$ 60,012	\$ 56,845	\$ 116,857
2022	\$ 49,460	\$ 55,540	\$ 105,000
2023	\$ 50,770	\$ 54,230	\$ 105,000
2024	\$ 74,123	\$ 52,950	\$ 127,073
2025	\$ 53,393	\$ 51,607	\$ 105,000
2026	\$ 54,700	\$ 50,300	\$ 105,000
2027	\$ 87,237	\$ 48,990	\$ 136,227
2028	\$ 81,734	\$ 47,700	\$ 129,434
2029	\$ 85,179	\$ 46,370	\$ 131,549
2030	\$ 89,147	\$ 45,060	\$ 134,207
2031	\$ 93,006	\$ 43,750	\$ 136,756
2032	\$ 103,896	\$ 42,445	\$ 146,341
2033	\$ 125,329	\$ 20,730	\$ 146,059
2034	\$ 148,857	\$ 0	\$ 148,857
2035	\$ 142,426	\$ 0	\$ 142,426

The following chart illustrates the Reserve Fund Forecast over the next fifteen years.

Year	Beginning Balance	Transfer to Reserve	Transfer from Reserve	Interest	Ending Balance
2020	\$ 74,042	\$ 46,795	\$ 7,310	\$ 1,703	\$ 115,230
2021	\$ 115,230	\$ 60,012	\$ 151,000	\$ 364	\$ 24,606
2022	\$ 24,606	\$ 49,460	\$ 22,426	\$ 775	\$ 52,415
2023	\$ 52,415	\$ 50,770	\$ 22,136	\$ 1,216	\$ 82,265
2024	\$ 82,265	\$ 74,123	\$ 72,500	\$ 1,258	\$ 85,146
2025	\$ 85,146	\$ 53,393	\$ 8,605	\$ 1,949	\$ 131,883
2026	\$ 131,883	\$ 54,700	\$ 5,962	\$ 2,709	\$ 183,331
2027	\$ 183,331	\$ 87,237	\$ 57,830	\$ 3,191	\$ 215,929
2028	\$ 215,929	\$ 81,734	\$ 30,819	\$ 4,003	\$ 270,846
2029	\$ 270,846	\$ 85,179	\$ 27,624	\$ 4,926	\$ 333,327
2030	\$ 333,327	\$ 89,147	\$ 26,856	\$ 5,934	\$ 401,553
2031	\$ 401,553	\$ 93,006	\$ 24,933	\$ 7,044	\$ 476,669
2032	\$ 476,669	\$ 103,896	\$ 37,374	\$ 8,148	\$ 551,338
2033	\$ 551,338	\$ 125,329	\$ 30,609	\$ 9,691	\$ 655,749
2034	\$ 655,749	\$ 148,857	\$ 31,550	\$ 11,596	\$ 784,653
2035	\$ 784,653	\$ 142,426	\$ 11,987	\$ 13,726	\$ 928,818

The above chart includes a transfer to reserve amount that includes both the budgeted transfer to reserve and any surplus amounts from that year, while the Transfer from Reserve includes transfers to fund capital projects scheduled for that year, as well as to cover any deficits that occur.

Although the Harbour will have a healthy Reserve Fund balance by the end of 2035, it should be noted the years immediately following this plan, from 2037-2045 have an estimated \$1.6 million in capital expenses for dock flotation and anchoring costs, vehicle replacements, fuel storage replacements and facility repairs.

Targets

The Reserve Funds have been calculated as to have enough funds each year to cover any capital projects, as well as any major unplanned or emergency maintenance that may occur, such as ice damage or a major repair. Often, unplanned or emergency maintenance can be costly and disruptive for customers, and although significant effort is put into preventative maintenance, the Harbour must ensure that funds are available in case of unplanned events.

The Harbour Reserve Fund Transfers to Reserve each year are an amount that will allow the Reserve Fund to grow at a rate that will cover the future capital projects outlined in the [Financial Plan – Capital Budget](#) section of this report, and the target for the Harbour to be able to pay for its capital program without having to take out debt, as well as to cover any years where the Harbour may incur a deficit.

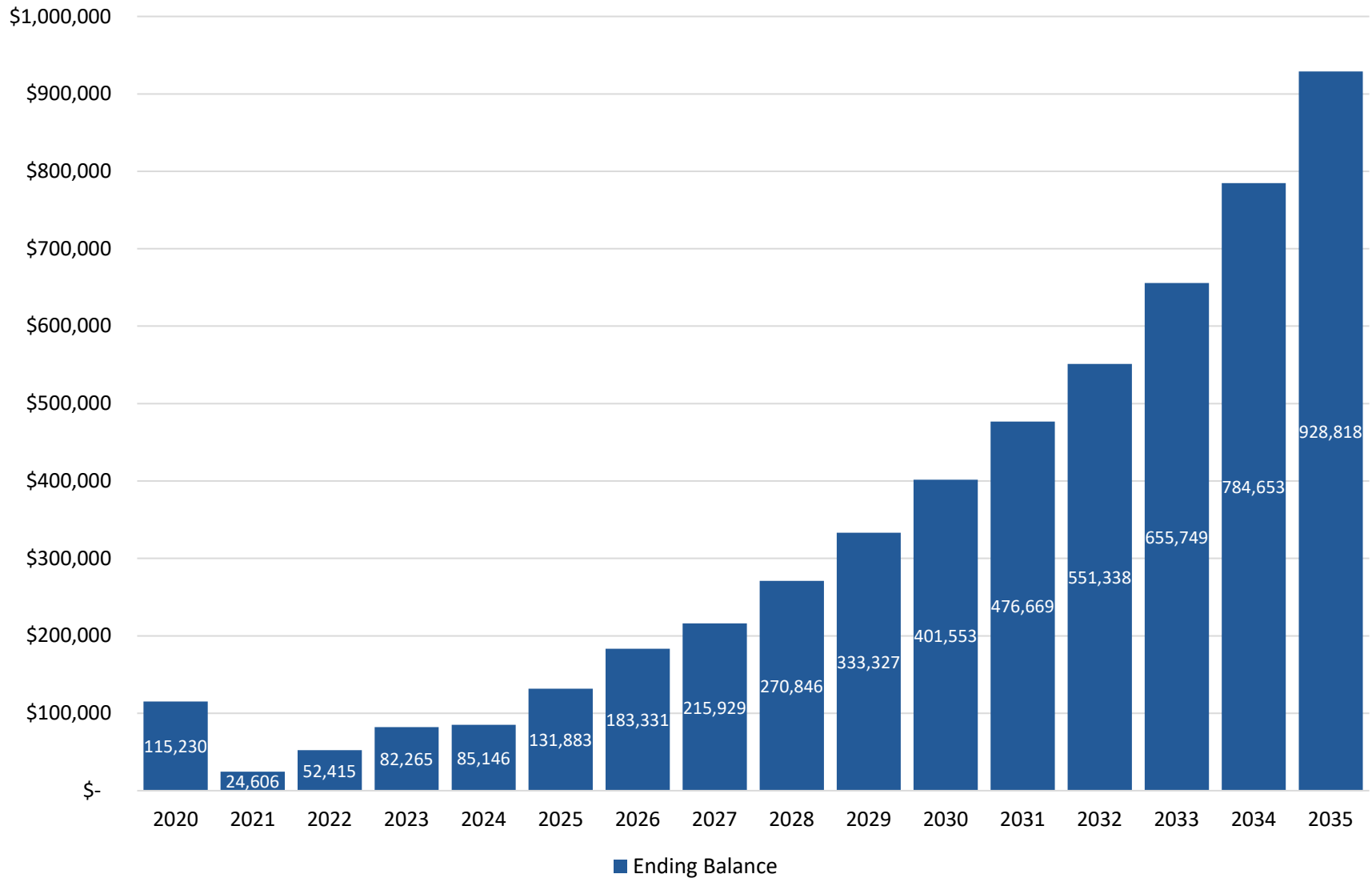
By having this target, it would allow staff to be flexible with its capital planning in the future. Although capital assets have estimated life cycle's, there is the possibility of assets failing before their estimated useful life is up. Additionally, the Harbour will take advantage of every grant opportunity that may become available, which could possibly mean starting a capital project before the date that this plan has established.

The charts on the following pages illustrate the projected balance of the Harbour Reserve Fund. This first chart illustrates the 2020-2035 Reserve Fund Forecast which includes the years covered in this Harbour Financial Plan.

The second chart shows the long-range forecast of the Reserve Fund from 2020-2075. This chart shows the longer goal of ensuring that enough funds are put away each year to allow the full life-cycle of Harbour assets to be replaced while establishing a balance of current and future Harbour users paying for capital assets while they enjoy their use.

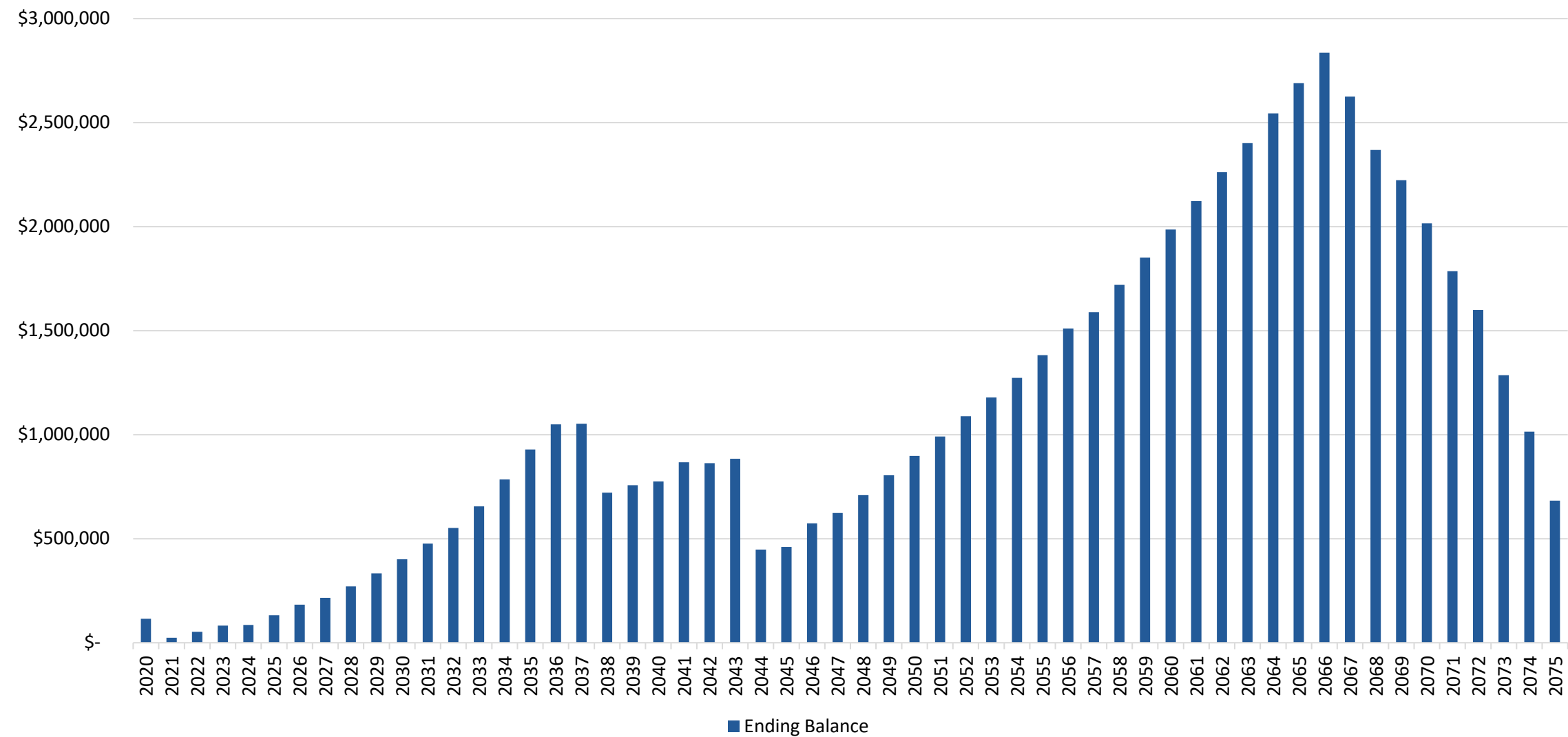
2020-2035 Harbour Reserve Fund Forecast

The following graph illustrates the 2020 to 2035 Harbour Reserve Fund Annual Ending Balance.



2020-2075 Harbour Reserve Fund Forecast

The following graph illustrates the 2020 to 2075 Harbour Reserve Fund Annual Ending Balance.



Fees and Charges

Because the Harbour is a fully funded through user-fees, it must rely on fees and charges to fund its expenses. These fees are mostly derived from mooring fees on a per foot basis for both seasonal and transient users along with seasonal land storage.

Three fees that are included in the Harbour's Fees and Charges make up almost 75% of the Harbours Annual Revenue. This includes seasonal mooring, seasonal hydro rates, and off-season land storage. Other significant or notable fees include transient fees, facility rentals and fuel and merchandise sales.

These and a few additional fees, as well as proposed increases are outlined below.

Mooring Fees

The largest revenue source for the Harbour are the per foot seasonal mooring fees. The Harbour has roughly 6,275 of seasonal mooring feet, which means that every dollar of mooring fees represents \$6,275 of revenue. At \$67 per foot (2020 Proposed Rate) the Harbour would raise \$420,425 of revenue, which makes up 64% of the total revenue in the Harbour's 2020 Proposed Budget.

Because these fees represent such a large percentage of the total Harbour revenue, it is vital that this fee be carefully considered each year. The Harbour must ensure that enough revenue is being raised to cover its current and future capital expenses while also maintaining a competitive rate with surrounding Harbours. It is suggested that the Harbour mooring fees be increased by \$2.00 per foot per year.

Seasonal Hydro Rates

Although seasonal hydro rates do not make up a significant portion of the Harbours annual revenue (about 3.5% to 4.0%) it is important that this fee be monitored carefully due to usually increasing hydro costs as well as the capital replacement and upgrades of this asset. It is being proposed that the seasonal hydro rates be increased by \$0.50 per outlet per year.

Off Season Land Storage

Off season (winter) land storage represents about 5.5% of the Harbours annual revenue. The Harbour stores roughly 3,500 feet of vessels each winter, which means that every dollar of mooring fees represents \$3,500 of revenue. At \$10.50 per foot (2020 Proposed Rate) the Harbour would raise \$36,750 of Revenue. It is suggested that the Harbour off season land storage fees be increased by \$0.50 per foot per year.

Transient Fees

The Harbour welcomes transient boaters and can accommodate vessels up to 85 feet in length. The Fees and Charges include daily, weekly and monthly transient fees. These fees average

\$20,000 per year in Harbour revenue, which represents just over 3% of the Harbour's total annual revenue.

This Plan has not included any set yearly increase to Transient Mooring fees, and instead it is suggested that these fees be looked at closely each year by Harbour and Finance Staff to ensure that the Harbour stays competitive. Any changes will be presented in the annual budget. It is not expected that changes in transient fees will have a large impact on the Harbours bottom line each year.

Facility Rentals

The Harbour's Upper Lounge and Pavilion are available for rental by members of the public and the fees are captured in the fees and charges By-law. These facility rentals average a few hundred dollars a year in revenue.

To ensure that these rates stay competitive and comparable to other Town owned facilities available for rental, no fee increases are being proposed though the Harbour Financial Plan. Instead, these fees will be reviewed annually through the budget process and any proposed changes to these fees will be included in the annual budget.

Fuel and Merchandise Sales

The Harbour offers fuel (diesel and premium gas) and other merchandise such as ice and 2 stroke motor oil. These fees do not appear in the Fees and Charges By-law and instead vary due to the fluctuating value that they are purchased at.

Fees and Charges By-law

The fee changes proposed in the Harbour Financial Plan are calculated based on the Harbour offering the same level of service throughout the entirety of this Plan and with no significant unplanned events, repairs, or maintenance taking place.

All Harbour fees will be reviewed annually through the Town's budget process and any changes in fees will be outlined in the Town's budget and will be subject to a public process where stakeholders, Harbour users and members of the public can comment on the proposed changes. Ultimately, any changes to the Harbour fees and charges will be done through the annual Fees and Charges By-law.

The fees and charges that are listed in the chart on the following page outline the current Harbour Fees and Charges and note the increases that are being proposed to ensure the long-term financial sustainability of the Harbour. All of these rates are subject to applicable HST.

Proposed Changes to Harbour Fees

Description	2020 Fee ¹	Proposed Yearly Change in Fee
Moving of boats that are in the incorrect berth and have not been moved by the owner at their own expense	\$150.00 per hour 1 Hour Minimum	To be evaluated annually through the Budget process
Seasonal Mooring	\$67.00 per foot	\$2.00 per foot increase per year
Hydro Rates	\$190.00 per outlet	\$0.50 per outlet increase per year
Transient Rate - Monthly	\$20.33 per foot	To be evaluated annually through the Budget process
Hydro Rates – Monthly Transient Rate	\$61.07 per outlet	To be evaluated annually through the Budget process
Transient Rates – Weekly	\$9.20 per foot	To be evaluated annually through the Budget process
Hydro Rates – Weekly Transient Rate	\$30.75 per outlet	To be evaluated annually through the Budget process
Transient Rates – Nightly	\$1.97 per foot	To be evaluated annually through the Budget process
Hydro Rates – Nightly Transient Rate	\$8.25 per outlet	To be evaluated annually through the Budget process
Pump-out	\$16.82	To be evaluated annually through the Budget process
Yacht Club Member Pump-Out	\$13.27	To be evaluated annually through the Budget process
Daily Launch Ramp	\$8.85	To be evaluated annually through the Budget process
Seasonal Launch Ramp	\$53.10	To be evaluated annually through the Budget process

¹ As presented in the 2020 Proposed Budget

Description	2020 Fee ¹	Proposed Yearly Change in Fee
Off Season Land Storage	\$10.50 per foot per season, \$1.96 per foot per month	\$0.50 per foot increase per year
Waiting List Fee (Non-Refundable – Applied to First year Seasonal Mooring)	\$150.00	To be evaluated annually through the Budget process
Harbour Office Upper Lounge Weekday (8:00 am to 4:00 pm)	\$25.00 per event	To be evaluated annually through the Budget process
Harbour Office Upper Lounge Weekends (8:00 am to 4:00 pm)	\$50.00 per event	To be evaluated annually through the Budget process
Additional/Replacement Shower Cards	\$10.00 per card	To be evaluated annually through the Budget process
Fish Cleaning Station	\$10.00 per key	To be evaluated annually through the Budget process
Pavilion	\$75.00 per event	To be evaluated annually through the Budget process
Pennants	\$25.00 per pennant	To be evaluated annually through the Budget process
Harbour Commercial Operations	\$15.00 per foot in addition to Seasonal Mooring Fee	To be evaluated annually through the Budget process
Summer Day Sailor Storage	\$7.13 per foot per season, \$1.79 per foot per month, \$1.19 per foot per week	To be evaluated annually through the Budget process
Kayak Storage	\$75.00 per season, \$30.00 per month, \$15.00 per week	To be evaluated annually through the Budget process
Not for Profit or Charitable events, races, etc.	\$17.70 per vessel per night	To be evaluated annually through the Budget process

Constraints and Assumptions

The projected Harbour budget is based on the assumptions that the current level of service will stay the same for the entirety of the Plan, and the following assumptions have been made:

- Staffing levels at the Harbour will stay the same. No additional staff have been included in any years, however, increases to Salaries and Benefits have been calculated in this plan, based on cost of living adjustments. Additionally, small increases to staff related expenses such as training and travel have also been included in this plan, based on a 2% inflation calculation per year.
- Inter-functional Transfers will be calculated the same way throughout the entirety of the plan. Currently, most of the Harbour Inter-functional Transfers are calculated on an FTE (full-time equivalent) calculation. However, the Town is working to implement a time-tracking system through the use of electronic timesheets to better track where staff time is being spent. If electronic timesheets show that more staff time than currently thought is being spent on Harbour activities, these Inter-functional transfers may increase, which could trigger a change in fees.
- The Harbour will maintain its facilities in *Good* condition, as per the Facility Condition Report. The capital budget for the Harbour facilities has been calculated to include all of the recommendations from the Facility Condition Assessment Report, and to complete these recommendations in the year the report suggests. If Council or Harbour users feel that this should change, for example, to allow a facility to go into fair condition before improvements are made, the capital plan would change and would need to be recalculated.
- The current Harbour Reserve will be converted to a Reserve Fund in 2020. The Harbour currently has its own Reserve; however, staff are proposing that this be changed over to a Discretionary Reserve Fund, which will require Council approval through a By-law. A Harbour Reserve Fund would be able to generate interest that would be re-invested in the Reserve Fund. This Financial Plan has been calculated with the assumption that the Harbour will have a Reserve Fund in 2020 and will generate an average of 1.5% interest per year.
- The Harbour's level of service will remain the same. If additional services are proposed to be offered, the operating, and perhaps capital budget would need to be recalculated. A change in level of service could trigger such changes as an additional staff member, which will have consequences on future operating budgets.

If Council votes in favour of changing the current levels of service offered at the Harbour, or in favour of a different direction than the assumptions made in this plan, changes will have to be made to the Harbour Financial Plan to reflect this.

The Harbour Financial Plan is a working document, and as needs change and evolve, so too will this plan. This plan will be updated every five years at minimum.

The Corporation of The Town of The Blue Mountains

DRAFT By-law Number 2020 – XX

Being a By-law to provide for the establishment and maintenance of a Reserve Fund for the purposes of maintaining the Thornbury Harbour

Whereas pursuant to Section 417 of the *Municipal Act, 2001*, as amended, S.O. c.25, the municipality may provide in its budget for the establishment and maintenance of reserve funds for any purpose for which it has authority to spend money and may by by-law provide that the money raised for a reserve fund be spent, pledged or applied to a purpose other than that for which the fund was established;

And Whereas the Council of the Corporation of the Town of The Blue Mountains has received Staff Report CSOPS.20.007 “Thornbury Municipal Harbour Overview and Financial Plan” at its regular meeting of Council on February 10, 2020;

Now Therefore the Council of The Corporation of the Town of The Blue Mountains enacts as follows:

1. That the following new Reserve Fund be established:
 - o Thornbury Harbour Reserve Fund.
2. That the Thornbury Harbour Reserve Fund will be used to fund expenditures related to asset replacement, rehabilitation, or significant repair for equipment, vehicles, facilities, docks and land improvements as they depreciate over time under the care and control of the Thornbury Harbour Division.
3. That the Thornbury Harbour Reserve Fund be used to be used in conjunction with any Harbour year-end operating surplus or deficits so that any annual deficits be funded from this Reserve Fund and all annual surpluses be transferred into this Reserve Fund.
4. This By-law shall come into full force upon the enactment thereof.

Enacted and passed this 10th day of February, 2020.

Alar Soever, Mayor

Corrina Giles, Clerk