

FINAL Report for
**MARINA WATERFRONT DEVELOPMENT
FEASIBILITY STUDY**

Town of Deseronto, Ontario

Submitted By:

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Executive Summary

Demand for the proposed marina on Deseronto's waterfront depends on five significant factors: increased growth in the number of new boats in the market area; unsatisfied demand for seasonal marina slips; a local and regional population with strong boater participation characteristics; a stable local economy; and a large transient boater market.

Strong Growth in the Number of New Boats

All of the market for seasonal slips for the proposed Deseronto marina will come from Ontario and over 95 percent of the market for transient slips will come from Ontario, Quebec, and New York. Since few boats less than 6 metres (i.e. 20 feet) venture onto the Great Lakes for any extended period of time, only those boats 6 metres or longer have been considered as a base of comparison for the projections of Deseronto's seasonal and transient boater market.

The overall Ontario-Quebec-New York market area will increase from 283,700 power and sailboats in 2011 to 319,300 by 2015 and reach 395,100 by 2023. Of particular significance to the proposed marina in Deseronto is the fact that the average length of boats has increased. The strongest growth rates are occurring with boats having the greatest length (i.e. 14 metres or more). The trend toward longer and wider boats will have a significant impact on a number of the older existing marinas in the market area of the proposed Deseronto marina, especially those where the finger docks are short and the fairways narrow.

Unsatisfied Demand for Seasonal Slips

The maximum distance that boaters prefer to travel to a marina to use their boat on a regular basis is 50 km or approximately 30 minutes driving time. In the case of Deseronto this would include the area from Quinte West in the west to Kingston in the east and a line running roughly through Spring Brook, Kaladar and Godfrey to the north. The 50 km market area has been used in the determination of seasonal slip demand.

There are 36 marinas and yacht clubs within 50 km of the Deseronto waterfront that provide slips for rent on a seasonal basis during the 2011 boating season. Fourteen (14) of the marinas have waiting lists for seasonal slips, and a number of others have boaters looking for longer slips (i.e. 11 metres or 36 feet or more). No other marinas within the seasonal market area will be adding slips in time for the 2012 boating season. 2,206 seasonal slips were occupied during the 2011 boating season representing an overall occupancy of 90.7 percent. At the end of the boating season in 2011 there was a need for between 868 and 1,167 seasonal slips.

Local and Regional Market has Strong Boater Participation Characteristics

There are 283,850 persons living within the market area of the proposed Deseronto marina, including 1,824 residing in Deseronto and 15,400 in Napanee according to the 2006 census. Based on the analysis of the socio-demographic characteristics of residents within Deseronto, Napanee, the County of Hastings and the area within 50 kilometres of Deseronto's waterfront, it is clear that Napanee, the County and the broader 50 kilometre seasonal market area will be strong sources of seasonal slip demand at the proposed marina.

Stable Local Economy

The strength of the local economy is also an indicator of the business owners and residents ability to support and use a marina in the Deseronto. The majority of the businesses in Deseronto and Napanee have been located there for a long enough period of time that it reflects stability. Interviews with the Napanee Chamber of Commerce and the ten leading employers in Deseronto and Napanee indicates that prospects for future growth are good despite the recent softening in the provincial and national economy. A number of the businesses felt they would be in a position to hire additional staff by the middle to end of 2012. Interviews with the residents of Deseronto and business owner/operators in the two municipalities indicated a strong interest and support for the proposed marina. A number of business owner/operators in Deseronto commented on the potential impact that transient boaters in particular would have on increasing their business.

Large Transient Boater Market

96 percent of transient boater demand will come from within 80 nautical miles of Deseronto (i.e. Cobourg to Bowmanville to the west; Hastings to Bensfort Bridge on the Trent Severn Waterway to the northwest; Gananoque to Rockport on the Ontario side of the St. Lawrence River to the east; Cape Vincent to Alexandria Bay on the south side of the river in New York also to the east; and Sackets Harbor to Carlton, New York on the south side of Lake Ontario). Ninety eight (98) marinas and yacht clubs were open for business in this area during the 2011 boating season. During this time there were 4,998 Ontario boats moored at marinas and yacht clubs within 80 nautical miles of the proposed Deseronto marina site and 6,826 New York boats.

Projected Demand for Seasonal Slips

Based on the growth in size and number of boats and boaters within the market area of the Deseronto marina sites for the period between 2011 and 2023, the use levels for seven potential concepts on two sites have been projected. Concepts 1, 2, 3, 4, 2a, and 4a are located on the east side of the foot of Mill Street (Parcel 2) and take in a portion of the waterfront in front of the Water Treatment & Waste Water Facilities.

Concept 5 is located to the west of the foot of Mill Street between the Deseronto Yacht Club boathouses and the Flea Market building site (Parcel 1). All seven concepts require a water basin extending beyond the water lots owned by the town adjacent to Parcels 1 and 2.

Concept 1 - marina with 158 slips (assumes dredging), located on Parcel 2;
Concept 2 - marina with 234 slips (assumes dredging), located on Parcel 2;
Concept 3 - marina with 156 slips (assumes no dredging), located on Parcel 2;
Concept 4 - marina with 228 slips (assumes no dredging), located on Parcel 2;
Concept 5 - marina with 158 slips (assumes dredging), located on Parcel 1.
Concept 2a - marina with 274 slips (assumes dredging), located on Parcel 2;
Concept 4a - marina with 266 slips (assumes no dredging), located on Parcel 2;

Each of the seven concepts includes seasonal and transient slips and a mix of 9, 11, and 14 metre long slips roughly proportional to the mix of boats within the market area expected to use the marina. (i.e. 55%, 6 metres to less than 9 metres; 35%, 9 metres to less than 12 metres; and 10%, 12 metres and longer). With input from Deseronto Town Council and Staff it was decided that Concepts 2a and 4a exhibited the greatest potential for the re-development of the Town's waterfront. These two concepts were analyzed further, and Concept 2a was selected as the preferred design.

With Concept 2a it is projected that the marina will attract 185 seasonal boaters in its first operating year (2014), increasing to 199 in 2015, to 232 by 2019, and reach full capacity by 2023 with all 249 of the seasonal slips occupied. It is projected that this concept will be approximately 74 percent occupied in Year 1, 80 percent occupied in Year 2, and 93 percent occupied in 2019.

Projected Demand for Transient Slips

It is recommended that 25 slips be dedicated for transient boaters in Concepts 2a. Holiday weekends will see the greatest number of boats using the slips in Deseronto. Overall, the 25 transient slips will accommodate 900 boats in 2014, 940 boats by 2016 and increase every year until 2023 with 1,140 transient boats staying at the marina.

In 2014, 440 boats will stay less than one day and 460 for one or more days (i.e. 280 and 180 boats respectively). By Year 5, (i.e. 2018), 470 boats are expected to stay for less than one day while 340 will stay for one day and 190 for more than one day. By 2023, 500 boats will stay for less than one day, 410 for one day (i.e. 12 hours to less than 24 hours), and a further 230 boats for more than one day.

Financial Projections

Financial projections are provided for the years 2014 to 2023. Revenues will be generated through Seasonal Slip Rental Fees; Transient Slip Rental Fees; Winter Storage; Lift/Haulout/Launch fees/Mast Stepping-Unstepping; Dryland Summer Storage; Fuel/Oil Sales; Pump-out Service; Parking/Boat Launch Fees; and, Merchandise Sales. Disbursements will include Full-time Labour Costs for a Marina Manager and Assistant Marina Manager; Casual Labour Costs for 11 persons for 20 weeks; Overtime/Shift Premiums & Standby; Employee Benefits; Utilities; Telephones; Office Supplies; Guest Supplies; Fuel Dock Cost of Sales; Cost of Merchandise; Insurance; Maintenance & Repairs; Uniforms & Clothing; Marketing & Promotion; Credit Card Commissions; Crane Rental; Lease Expenses; General & Administrative Expenses; Capital Reserve for Replacement; and, Miscellaneous Expenses.

Revenues from Concept 2a with 274 slips (249 seasonal, 25 transient) are projected to increase from \$823,360 in 2014, to \$1,068,780 by 2018, and reach \$1,373,180 by 2023. Disbursements are projected to increase from \$792,660 in Year 1 to \$952,300 in 2018, and reach \$1,136,100 in 2023. Net income is projected to increase from \$30,700 in 2014, to \$116,480 in 2018, and reach \$237,080 by 2023.

Capital Cost Financing

It is expected that a portion of the capital cost required to construct the marina and its land-based amenities will be financed through municipal debentures, and a portion offset through federal and provincial infrastructure grants. In order to reduce their portion of the capital cost it is recommend that the Town approach the fuel supplier about paying for the capital cost of providing the fuel dock and pumps (i.e. \$320,000) in exchange for the exclusive rights to supplying gasoline, diesel fuel, propane and oil at the fuel dock for a period of 15 years. It is further recommend the Town approach interested parties in hosting a major fishing derby from the marina to undertake all or part of the cost of providing the launch ramp (i.e. \$230,000) and a local service organization to fund the cost of the summer recreational equipment (i.e. \$10,000). Consideration should also be given to approaching a local or regional philanthropist or major business to cover a portion of the capital cost in exchange for naming rights.

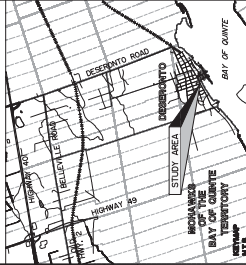
An indication of the cash flow position under three scenarios has been provided for Concept 2a. Scenario 1, assumes the Town of Deseronto will receive federal and provincial capital grants of 30 percent of the total capital cost, Scenario 2, assumes that the Town will receive federal and provincial capital grants of 40 percent of the total capital cost, and Scenario 3, assumes one half of the capital cost will be covered through federal and provincial grants. Since the major facilities in the marina (i.e. marina building, docks, breakwaters, and launch ramp) have an expected life that exceeds 25 years it has been assumed that it will be possible to obtain municipal debentures with either a 20 or 25 year amortization period to cover the Town of Deseronto's portion of the total capital cost of constructing the marina. As a result, a 25 year amortization period for each of the scenarios has been used.

With grants of 50 percent of the total capital cost of \$9,326,200 for the construction of Concept 2a, the annual principal and interest payments on the necessary municipal debentures amortized over 25 years will be \$74,700 in 2014 and \$263,860 from 2015 through 2039. Under this scenario, there will be a cash flow shortfall for the years 2015 through 2019 of \$121,200, \$94,610, \$70,440, \$40,500 and \$7,020 respectively. However, during the 10 year period between 2014 and 2013 there is sufficient cumulative cash flow to cover the \$333,770 with a \$10,290 surplus. It is therefore likely that bridge financing could be arranged for the intervening years.

Economic Impacts

The proposed Deseronto Marina will be an income producing asset, generating hundreds of thousands of dollars in annual revenue to the benefit of the taxpayers of the Town of Deseronto. It will increase public access to the waterfront (i.e. proposed boardwalk, lookout); provide more amenities on the waterfront (i.e. proposed waterfront festival venue and park, children's play area, summer active-recreation area); add a new tourism attraction; enhance the physical appearance of the Town's waterfront; raise real estate property values on the waterfront and in nearby neighbourhoods; act as a catalyst for new commercial and residential development, and in doing so increase the tax base; and create an improved aquatic habitat. The proposed marina amenities and potential development opportunities have been visually synthesized on the **Land Use Concept Plan** following. The marina will provide greater opportunities for the general community to experience boating and other recreational activities on the waterfront. It will generate increased revenues for businesses in Deseronto and the surrounding area as well as creating additional full and part time employment positions. The marina will also be a catalyst for new commercial and residential development in the waterfront area. Belleville, Cobourg and Whitby are excellent examples of the positive impact that a marina can have on related waterfront developments. A marina on Deseronto's waterfront could also lead to a number of related business opportunities or partnerships, among the most obvious are boat repairs, boat sales, boat and boater equipment sales, and boat building.

LAND USE CONCEPT PLAN
DESERONTO MARINA/WATERFRONT
DEVELOPMENT FEASIBILITY STUDY
 TOWN OF DESERONTO
 MUNICIPAL DISTRICT OF STAVROPOOLIS
 COMMUNITY PLAN 2014-2022
 SCALE = 1:1 500 METRIC



SCHEDULE OF LAND USE - MARINA (2A)

LAND USE	No.
LAND USE	100
LOT PARKING	100
SEASONAL BOAT SLIPS	240
TRANSIENT BOAT SLIPS	25
TOTAL MARINA BOAT SLIPS	274

LEGEND

- PRIVATE-OWNERSHIP PARCEL
- PUBLIC-OWNERSHIP PARCEL
- MUNICIPAL ROAD ALLOWANCE
- BUILDINGS
- STUDY AREA PARCEL
- PROPOSED DREDGING AREA
- WATERFRONT TRAIL (8m WIDE CORRIDOR)
- 16-METRE FLOODLINE SETBACK
- LIDAR DERIVED FLOODLINE CONTOUR (75 METRES ASL)
- 16M METRE SETBACK FOR SENSITIVE LAND USES FROM WASTE-WATER PLANT

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 MARCH 20, 2012



Approximately 35 percent (i.e. \$3,237,000) of the total \$9,326,200 capital budget for the 274-slip Concept 2a marina will be required in 2013 and 65 percent (i.e. \$6,089,200) in 2014. Direct, indirect and induced gross domestic product expenditures in the Town of Deseronto and Hastings County resulting from the construction of the 274 slip marina will increase from \$1,370,710 in 2013 to \$2,582,370 in 2014.

The industry sectors impacted the most by the construction of the marina will be construction; finance, insurance, rental & leasing; professional, scientific and technical services; manufacturing; retail; and wholesale trade.

Total direct spending by seasonal, transient, resident and tourist visitors at the 274-slip marina will increase from \$823,360 in 2014, to \$1,068,780 by 2018, and reach \$1,373,180 by 2023. Expenditures by seasonal boaters at grocery stores, marine supply outlets, other retail outlets, and marine repair shops within the Town of Deseronto and Hastings County are expected to increase from \$143,760 in 2014, to \$187,170 in 2018, and reach \$224,430 by 2023. Expenditures by transient boaters at grocery stores, restaurants, marine supply outlets, other retail outlets, marine repair shops and tourist attractions and events within the Town and County will remain the same, increasing from \$153,060 in 2014, to \$174,320 in 2018, and reach \$225,020 by 2023. Total direct expenditures at the marina and other locations within the Town and County will increase from \$1,120,180 in 2014, to \$1,430,270 in 2018, and reach \$1,822,630 by 2023. Direct, indirect and induced gross domestic product expenditures in Deseronto and Hastings County will increase from \$691,640 in 2014, to \$885,670 in 2018, and reach \$1,128,630 by 2023.

The industry sectors in the Town of Deseronto and Hastings County impacted the most by the operation of the marina will be retail trade; culture, entertainment and recreation; food & beverage services; finance, insurance, rental & leasing; fuel and transportation; wholesale trade, and manufacturing.

Operation of Deseronto Marina

While it is acknowledged that marinas are expensive to construct, the vast majority of municipally owned marinas are highly successful and provide many benefits to the City or Town owning them. Barrie, Belleville, Cobourg, Gananoque, Kingston, Leamington, Mississauga, Oakville, Port Colborne, Port Hope, Whitby, and Windsor successfully own and operate their own marinas. It is recommended that Town of Deseronto own and operate the proposed marina.