Working together with our community

Council-In-Committee Meeting – September 10, 2024

Subject:	Marina Ownership and Governance Options
Report Number:	CAO-24-077
Division:	Office of the Chief Administrative Officer
Department:	Administration
Ward:	Multiple Wards
Purpose:	For Decision

Recommendation(s):

That Council directs staff to proceed with the sale of Port Dover Harbour Marina and Port Rowan Harbour Marina in accordance with Norfolk County Policy CS-60 Land Purchase and Sale Policy and By-Law 2011-116.

Executive Summary:

The attached Business Case outlines nine options for Norfolk County marina ownership and governance for Council's consideration.

The objective of this report is to provide a balanced account that will allow Council to consider the future of the marinas from a broad perspective, within the context of Norfolk County's current financial position.

The report identifies opportunities to reduce or eliminate the capital expenditures needed to maintain marinas through alternative governance and operating models or divestment. Based on a comprehensive analysis of nine ownership and governance models, it is recommended that Council direct staff to proceed with Option 3A – Sale of Both Marinas.

Discussion:

On 13 February 2024, Council considered Report CAO-24-020 – Governance Options for the Port Dover Harbour Marina and Port Rowan Harbour Marina. Council directed staff to undertake an analysis and business case rationalization for the future ownership, operation, and management of the Marinas.

The attached Business Case outlines nine options for marina ownership and governance for Council's consideration as follows:

OPTION 1: Public Ownership and Operation
- Option 1.A – Municipally Owned and Operated
- Option 1.B – Municipal Services Board
- Option 1.C – Municipal Development Corporation

OPTION 2: Public Ownership and Private Operation
- Option 2.A – Operating Contract
- Option 2.B – Public-Private Partnership
- Option 2.C – Cooperative

OPTION 3: Private Ownership and Operation
- Option 3.A – Sale of Both Marinas
- Option 3.B – Sale of One Marina
- Option 3.C – Sale of Marinas, Retention of Waterfront

Full details are included in the attachment.

Each option has varying levels of complexity, and some will require further investigation and analysis to determine feasibility and resourcing requirements. Please note that staff could not complete detailed financial analysis for some options without Council direction to further investigate the option.

Based on a comprehensive analysis of nine ownership and governance models, it is recommended that Council direct staff to proceed with **Option 3A – Sale of Both Marinas**. As outlined in the attached report, the sale of these assets is the most straightforward and cost-effective option available to Council. Continuing to allocate capital financing to the marinas will divert resources away from other services, which is difficult to justify when weighed against the broader interests and needs of our community, particularly given that the marinas are not considered to be “core” municipal services, compete with the private sector, restrict full access to members, and are often utilized by 50% non-residents. Divestment of the marinas presents a strategic opportunity for the County to achieve financial relief, mitigate risks, and brings the potential for improved marina services through private sector investment. Under private ownership, the marinas would continue to operate and encourage area tourism at no cost to the municipality. Divestment would better enable the municipality to focus on delivering core services and fostering sustainable development in alignment with Council’s Strategic Plan. It is recommended that the County initiates the sale process with the expectation that the marinas would change ownership after the 2025 season to ensure the transition is managed effectively.

Alternatively, if Council wishes to retain ownership of the marinas, it is recommended that Council direct staff to proceed with **Option 2A – Operating Contract**. This option would allow the County to retain ownership of the waterfront assets while sharing revenue and expenses with a private operator, and could enhance marina operations through private sector involvement. Staff would further investigate feasibility and report to Council with further information per the requirements outlined under Option 2A.

Financial Services Comments:

The Financial Management and Planning team was engaged closely in the development of this report and detailed financial calculations are presented with the appropriate sections of the attachment. The financial impacts vary from option to option and in some cases additional investigation and research will be required depending on Council direction.

Interdepartmental Implications:

Each option for the future ownership and governance of the marinas will have interdepartmental implications. Options for retention and divestment would directly impact marina staff and the operations division; options for alternative governance and operation would also impact finance and administrative staff, and would likely require legal review.

Consultation(s):

The attached business case was drafted in consultation with the CAO, General Manager of Operations, General Manager of Corporate Services, General Manager of Community Development, General Manager of Environmental and Infrastructure Services, General Manager of Social Services, Director of Finance, Director of Economic Development, Director of Facilities, Senior Financial Analyst, Supervisor of Financial Planning and Reporting, Marina Manager, Reality Services Specialist, GIS Supervisor, Manager of Asset Management, Asset Management Coordinator, Operations Divisional Coordinator, and Administrative Summer Students (2023 and 2024). Staff also consulted with Marina Managers from other municipalities.

Strategic Plan Linkage:

This report aligns with the 2022-2026 Council Strategic Priority Sustaining Norfolk - Creating a sustainable community and a positive legacy.

Explanation: The option Council selects will determine the future operation and governance of Norfolk County's marinas. To ensure a sustainable community and a positive legacy, decisions should be considered with appropriate consideration given to the needs of our community, the value of the service to the community, and their financial impact. The County has limited capacity to take on additional debt as we proceed with other priority projects and services with rising costs. It is imperative that we prioritize core municipal services and infrastructure in accordance with Council's Strategic Plan to ensure the long-term financial health and sustainability of our community.

Conclusion:

There are several options open to Council with respect to the future ownership and governance of the marinas. In making this decision, Council will need to determine:

- The level of capital and operating investment they are willing to make in the marinas;
- The level of oversight and involvement the County should have in the operation of the marinas;
- The terms Council would accept under a public-private operating model;
- The level of resourcing the County would commit to managing an operating contract;
- The price and terms under which the County would sell these assets to a private operator.

As noted in the attached report, all options for retaining the marina assets will require staff resourcing. There is no option for asset retention that will allow the County to eliminate all administrative involvement and expenditures associated with the marinas. To be effective, any option that results in asset retention will need to be adequately resourced. The only option that will absolve Norfolk County of all marina capital and operating responsibilities and expenditures is the sale of these assets (Option 3.A). In making this decision, Council should consider the broader needs of community and whether the value of these assets outweighs the extent of the $21.15 million in capital expenditures required over the next decade.

Attachment(s):

- Norfolk County Marinas – Business Case Options

Approval:

Approved By:
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