



Hamilton
Public Works

“West Harbour” Waterfront

It's everyone's Waterfront to enjoy and be proud of

Formal Marina Management Agreement - Piers 7&8
City of Hamilton & Hamilton Port Authority

ITEM 7.1

April 2, 2014
General Issues Committee

Presented By:
Chris Phillips, Senior Advisor
Waterfront Initiatives

Formal Marina Management Agreement - Piers 7&8

City of Hamilton & Hamilton Port Authority

Outcomes for Today

1. Review

- I. 2012 - 2015 Strategic Plan
- II. Council Resolution – April 24, 2013
- III. Timelines

2. Marina Management Agreement Overview

- a) City of Hamilton Cost Commitments
- b) HPA Cost Commitments
- c) Facilitation of City's Waterfront Re-Development for Piers 7&8
- d) Sustainability for the Future of the Royal Hamilton Yacht Club

3. Key Elements of the MMA

4. Recommendations

Waterfront Initiatives

Council Direction Strategic Plan 2012 - 2015

- 1.3 Promote economic opportunities with a focus on Hamilton's downtown core, all downtown areas and waterfronts;
- ii) **Finalize** a development and **servicing strategy** for the West Harbour lands, with a particular focus on Piers 5,6,7 & 8 and the Barton/Tiffany area. (PED)
 - iii) **Negotiate** the **early termination** of land leases for Piers 7 & 8 with the Hamilton Port Authority. (PED)
 - v) **Completion** of the Waterfront Master Recreation Official Plan Amendment and the implementation of the Zoning By-law and **financing strategy**. (PW/PED)
 - ix) **Initiate development** in the West Harbourfront and Waterfront (this includes the Bayfront Industrial area) and develop a commercial business strategy for Confederation Park. (PED)

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“Memorandum of Understanding (MOU) Council Resolution – April 24, 2013

- a) That Appendix “A” to Report CM12015(a) entitled “Memorandum of Understanding (MOU) Re: Long-Term Marina and Boat Storage Management Agreement & Piers 7-8 Lease Transfer & Partial Early Termination” between the City of Hamilton and the Hamilton Port Authority (HPA), be approved;**
- b) That the Mayor and City Manager be authorized and directed to execute the “Memorandum of Understanding (MOU) Re: Long-Term Marina and Boat Storage Management Agreement & Piers 7-8 Lease Transfer & Partial Early Termination”, between the City of Hamilton and the Hamilton Port Authority (HPA), in a form satisfactory to the City Solicitor;**
- c) That the Capital Funding for the proposed shoreline, wavebreak, and current boat slip replacement be approved in principle, and be allocated throughout the 2014, 2015, 2016 and 2017 Capital Budgets, with staff reporting back in 2013 on a financing strategy;**
- d) That staff be directed to seek out all funding options available including: direct and indirect City of Hamilton sources, public-private partnerships, as well as assessing other provincial or federal funding sources, and report back with options; and**
- e) That the City Manager be directed to prepare a formal “Management Agreement”, for presentation to the General Issues Committee (GIC), between the City of Hamilton and the Hamilton Port Authority (HPA), respecting the Long-term Marina and Boat Storage Operations and the Piers 7 and 8 Lease Transfer and Partial Early Termination, based upon the terms, conditions and intent of the “Memorandum of Understanding” (MOU) (Appendix “A”), in a form satisfactory to the City Solicitor.**

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Timelines

August 2012	<ul style="list-style-type: none">- Approved – Letter of Understanding- Direction Given - Negotiate Memorandum of Understanding
January 2013	<ul style="list-style-type: none">- Commenced Servicing Studies for the Piers 5-8 lands- Site Servicing & Engineering- 10-year Capital Implementation Plan & Costing- Business-Case and Valuation Analysis
April 2013	<ul style="list-style-type: none">- Approve – Memorandum of Understanding- Direction Given – Negotiate Marina Management Agreement
December 2013	<ul style="list-style-type: none">- Approved – 2014 Capital Budget- Approved 2014-2024 Capital Budget Forecast
January 2014	<ul style="list-style-type: none">- Approve - Conclusions and Recommendations of the Development Servicing Studies for Pier 5-8 lands- Direction Given – Develop full Implementation Plan
April 2014	<ul style="list-style-type: none">- Consideration - Marina Operations Management Agreement- Next Step – Execution of the MMA- Marina Transition Plan
January 1, 2015	<ul style="list-style-type: none">- Term of the full MMA

Hamilton's "West Harbour" Waterfront

The Vision and the Plan for the future is set...

West Harbour Waterfront Recreation Master Plan (WHWRMP)



Harbour West Concept Plan

plan not to scale
January 2010

Land Use Scenario 2	Total Number of Residential Units	Gross Leasable Floor Area (Commercial sq.m.)	Gross Leasable Floor Area (Institutional sq.m.)
Block 1	242	680	6,940
Block 2	343	432	0
Block 3	362	4,291	0
Block 4	284	1,444	0
Block 5	184	0	0
Block 6	45	0	0
Block 7	49	0	0
Sub-Total Pier 8	1,509	6,847	6,940
Block 8	44	2,958	0
Block 9	56	5,430	0
Sub-Total Pier 6 and 7	100	8,388	0
TOTAL	1,609	15,235	6,940



CITY OF HAMILTON
PIER 5-8 DEVELOPMENT PLAN

BLOCK NUMBERS

FIGURE 3:



- STUDY AREA
- EXISTING BUILDINGS
- ASPHALT AREAS
- LANDSCAPED AREAS
- BLOCK AREAS

File Location:
C:\hamilton\20110110\hamilton_waterfront_development\01110110_block_numbers.dwg
Map No. 3013 3/20/11

DRAWING INFORMATION
Missing from City of Hamilton

CREATED BY: JOSEPH MARCHAND
CHECKED BY: PATRICK KENNEDY



PROJECT: 12 P118
STATUS: DRAFT
DATE: MAY 9, 2015

Hamilton's Waterfront – Success over Time

Yesterday...Today & Tomorrow

From Shipping Port (1980) to Dynamic people-place today



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“Marina Management Agreement” (MMA)

The Outcomes

- Immediate transfer of the Piers 7&8 lands from the HPA
- Enables a long-term operational stability for the City of Hamilton’s marina and boat storage businesses
- Addresses long-standing shoreline and public-space infrastructure deficiencies within the City-owned Piers 7 and 8 area
- Balances financial investments in a financially responsible way
- Balances the City of Hamilton’s long-term vision of re-developing the “West Harbour” with the HPA’s ability to create diverse economic opportunities
- Directly facilitates an estimated \$500,000,000 in private-sector investment that will generate an estimated **\$7,500,000** in direct **municipal taxes** per year, at full build-out

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“Marina Management Agreement” (MMA) **An “Overview”**

- 1. City of Hamilton Cost Commitments**
- 2. HPA Cost Commitments**
- 3. Facilitation of City’s Waterfront Re-Development of Piers 7&8**
- 4. Sustainability for the Future of the Royal Hamilton Yacht Club**

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City of Hamilton Capital Cost Commitments

I. Shoreline Protection – Breakwater Structure

- Estimated Cost - \$5.2 million
- Approved Funding Project # 5281206222 (2012 & 2013) - \$5.2 million

II. City-owned existing Shoreline Rehabilitation

- Total Est. Cost of full “Main Basin” (Piers 5 - 7) Shoreline - \$13.1 million
- MMA Related Costs - \$2.8 million of the Total \$13.1 million
- All projects have been identified in the 10-year Capital Budget Forecast

III. City-owned Marina Replacement – Current Capacity

- Total Est. Cost (phased-in from 2014 - 2017) - \$6.0 million
- Current Approved Funding (2014 Capital Budget) - \$1.388 million
- Funding Included in Capital Budget Forecast (2015-2016) - \$4.6 million
- Cost Estimates include all costs - docks, fingers, boat slips, and servicing

IV. City-Owned Marina - Long-term Capital Improvements

- City retains responsibility for “Capital” cost replacement for existing Marina

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HPA Maintenance and Capital Cost Commitments

- I. Cost of Maintenance of the Marina Assets in the Main Basin**
 - HPA is financially and operationally responsible for all maintenance and capital expenses
 - day-to-day maintenance and capital items include all expenses up to and including \$75,000 per item

- II. Capital Cost - Expansion Slips within the Main Basin**
 - HPA will be responsible for 100% of capital cost for boat slip expansion
 - HPA will be responsible for all construction, capital, operation, maintenance & repair costs for any expansion slips

- III. Boat Storage Facility**
 - HPA will be responsible for 100% of the land and capital costs for a new boat storage facility
 - HPA responsible for all maintenance and capital costs of re-located facility

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Other Financial Implications of the MMA

- **City & HPA – Profit Sharing on Expansion Slips**
 - 50 / 50 sharing of the Annual Net Operating Profit from marina expansion
- **MMA Facilitates the Re-Development of the Pier 8 Lands**
 - 1,600 residential units
 - 13,000 sq. m of leasable commercial & Institutional space
 - \$470 million(est.) in private-sector investment for development costs
 - **\$7.5 million** per year in new Municipal tax revenue – Every Year
- **Facilitates future sustainability of the Royal Hamilton Yacht Club**
 - Guarantees the RHYC to manage approx. 58 existing boat slips
 - Allows for the RHYC to expand in the future by approx. 42 boat slips

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Key Elements - “*Marina Management Agreement*”

- **Term of the MMA**
 - Transition Period by: Dec. 2014 – Management Term: Jan. 2015 – Dec. 2039
- **Termination of the Land Lease on Piers 7&8**
 - City controls Piers 7&8 lands in 2014
 - No direct compensation to the HPA
 - Year 2000 Lease Agreement for Piers 7&8 will be terminated upon Execution
- **Marina Operation**
 - HPA receives a 25-year Management Agreement for the Marina (2015-2039)
 - Option to extend for another 25-years with mutual consent (2040-2064)
 - Management Agreement Oversight - Contract Administrator
 - Operation, Maintenance and Management Standards of Marina
- **Slip Rentals**
 - Presently – 358 in Total – 300 for the HPA & 58 for the RHYC
 - Future Expansion – Increase for both the HPA and RHYC

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Key Elements – “Marina Management Agreement”

➤ Boat Storage Facility

- Boat Storage is directly linked to the Marina Operations
- Current location remains intact at the City’s option
- Boat Storage re-location clause is included giving the City the right to have the facility re-located when opportunities on Piers 7&8 arise

➤ City-owned Marina – Summary of Capital Costing

a) City responsible for Capital Costs:

- Shoreline
- Breakwater/Wavebreak
- Replacement of existing docks/slips

b) HPA responsible for Capital Costs:

- 100% of cost of any slip expansion
- 100% of the new Boat Storage facility

c) HPA responsible for all maintenance costs - Marina - Boat Storage

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Key Elements – “*Marina Management Agreement*”

➤ Revenue Allocation

- HPA revenue allocation remains status quo – 100% of all existing boat storage and marina revenue
- Two Sub-Leases on Piers 8 will continue to be managed by the HPA
- Sharing of Net Operating Profit for the Expansion Slips

➤ Plans for Future Marina Slip Expansion

- Agreed to a process for when expansion must take place
- Relies on completion of a 3rd Party Market Study
- HPA is responsible for all costs associated with expansion

➤ Pier 22 Lease

- City to lease approx. 5 acres of City-owned land on Pier 22 to the HPA
- 25 year term
- Land-Use should generate new municipal property tax revenue
- City Staff are working with HPA Staff to formalize a land-lease within 1-year of the Execution Date

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Key Elements – “*Marina Management Agreement*”

- **Subleases to the HPA**
 - There are two Sub-Leases (Ontario Sailing School & Brewer’s Marine) that will continue to be managed by the HPA
 - City Staff will work with the HPA and tenants on transition plan

- **Insurance and Indemnification**
 - language involved consultation with appropriate City and HPA Staff

- **Termination of the Agreement without Cause**
 - Termination by the City with Compensation
 - Termination by the HPA with Compensation
 - Compensation formula is capped with a maximum on both sides

- **Dispute Resolution**
 - Comprehensive set of Dispute Resolution provisions

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Are there Alternatives? – Is there a Plan “B” option?

- **Council has given past approval of the negotiation process**
 - City & HPA Staff have negotiated Agreement over a 3-year timeframe
 - HPA Board of Directors has approved same MMA “in-principle”

- **Plan “B” - Delays Pier 7&8 Re-Development until 2025**
 - Pier 7 lands have limited re-development potential solely on their own
 - Boat Storage re-location would remain unresolved
 - Pier 8 lease does not expire until 2025

- **Plan “B” - City is still responsible for Capital Cost of Marina Assets**
 - Breakwater Structure
 - Shoreline Rehabilitation
 - Marina Slip Replacement
 - Boat Storage re-location – including land, re-location, and capital costs

- **Plan “B” - Operation & Management of Marina & Boat Storage Business**
 - Current Agreement with HPA for Marina & Pier 7 lands expires on Nov. 2015
 - City will have to secure options for Marina Management by the end of 2015

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Recommendations

- a) That at the City of Hamilton enter into a 25 year Marina Management Agreement with the Hamilton Port Authority (HPA) for the management, operation and maintenance of the City-owned marina facility, located within the Main Basin of Piers 7 and 8, as described in Report CM12015(b);
- b) That the Mayor and the City Clerk be authorized and directed to execute the Marina Management Agreement between the City of Hamilton and the Hamilton Port Authority, together with all necessary associated documents, in a form satisfactory to the City Solicitor and with content acceptable to the City Manager;
- c) That the forecast capital funding in the amounts of \$3,000,000 (2015) and \$4,400,000 (2016) for the proposed marina (dock, dock finger, boat slip replacement etc.) and associated servicing and shoreline rehabilitation requirements, to be completed by the City of Hamilton, pursuant to the “Marina Management Agreement”, be approved in-principle;
- d) That staff be directed and authorized to communicate and submit the City’s comprehensive “*West Harbour*” development plan, to provincial and federal governments and their respective funding agencies, as a priority investment project(s) for the City of Hamilton.

“Marina Management Agreement” (MMA)

The Outcomes

- **City of Hamilton immediately achieves transfer of the Piers 7&8 lands from the HPA**
- **long-term operational issues relating to the City of Hamilton’s marina and boat storage businesses**
- **long-standing shoreline and public-space infrastructure deficiencies within the City-owned Piers 7 and 8 area**
- **balances financial investments in a financially responsible way**
- **balances the City of Hamilton’s long-term vision of re-developing the “West Harbour” with the HPA’s ability to create diverse economic opportunities**
- **directly facilitates an estimated \$500,000,000 in private-sector investment that will generate an estimated \$7,500,000 in direct municipal taxes per year, at full build-out**



**For More Information Contact:
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