

Municipality of Lakeshore – Report to Council

Chief Administrative Officer

Economic and Intergovernmental Affairs



To: Mayor & Members of Council
From: Ryan Donally, Division Leader, Economic & Intergovernmental Affairs
Date: November 17, 2023
Subject: Pier Public Private Partnership Exploration

Recommendation

Direct Administration to undertake the required works to create an Expression of Interest to explore a public-private partnership (P3) model to re-develop the marina and restaurant at Lakeview Park and Pier; and

Direct Administration to bring back the Expression of Interest prior to public release for approval by Council, all as presented at the December 12, 2023 Council meeting.

Background

On January 29, 2020 Council unanimously approved a motion to *Direct Administration to bring back a report regarding what it would take to launch a community competition to re-invent the marina restaurant space.*

On February 14, 2023 Council did not support the tender award for Professional Consulting Services which included detailed design for the Lakeview Park, Marina, Pier & West Beach upgrades as described in the Waterfront Master Plan

Comments

A public-private partnership (P3) is typically defined as a long-term arrangement between a government and private sector institutions where private sector financing of governmental projects is exchanged for a revenue share of the operating entity. Various P3 models exist, and each generally is grounded in a contractual agreement between the private sector partner and the government entity.

Prior to executing a P3 agreement, there can be multiple pathways through the purchasing and procurement process to find a suitable private partner. In this instance, as the actual project has not been defined, Administration is recommending an Expression of Interest (EOI).

The EOI would outline requisite and desired elements to be included in any proposal. Further, the EOI would outline the required next steps to finalize the P3. An evaluation team would be assembled to review any submissions.

Prior to an EOI being developed, additional work needs to be undertaken by staff to fully understand the scope of the ask within the EOI. This includes but is not limited to: fulsome understanding of land-ownership of the pier; required discussion from agencies including Essex Region Conservation Authority, and the Department of Fisheries and Oceans; understanding of current servicing (hydro, natural gas, sanitary); and other potentially impactful requirements that are uncovered.

Business Case and Precedents

To determine the viability of a P3 model being put forward, Administration undertook an initial business case/feasibility study to determine if there *could* be interest if an EOI was produced.

In summation, a business case was proven to be viable for a private developer to enter a P3 model to redevelop the existing facilities to create a 15,000 square foot marina, restaurant, and event mixed-use space. The proposed cost of this facility was estimated to be \$10,000,000 of private funds. The model identified a positive annual cash flow and a positive net present value for the proposed project. This includes a profit splitting agreement between the private partner and Municipality. Of note, this analysis is only a model and was created with assumed inputs. It will be incumbent on the potential developer to determine any specifics for a potential project.

There is likely a required outlay of funding from the Municipality to support the development of a P3. It is expected that some of these costs will be identified by the potential development community through the EOI.

There are multiple risks, challenges, and constraints that need to be considered at some point in the process:

- Site Servicing/ Site Preparation: Hydro servicing is likely not adequate, no natural gas, conveyance constraint in Belle River, expected remediation challenges due to existing building.
- Approval Challenges: ERCA, Department of Fisheries and Oceans, other.
- Parking: there is limited parking at the Marina. The addition of 300 to 400 additional individuals for an event (wedding), plus a dinner service would cause significant parking issues. A global parking solution would need to be considered for the Marina, Lakeview Park, and West Beach.
- Environmental: Fishfly management, other natural challenges

The attached Appendix A – Marina Public-Private Partnership Exploration PowerPoint presentation provides greater depth into the initial works undertaken by Lakeshore Administration. Some of the content from the work will form the basis for any future EOI.

Next Steps and Potential Process

The proposed pathway to formation of a P3 are as follows:

1. Preparation of the EOI (Q1, 2024)
 - a. Form an internal steering committee
 - b. Discussion with appropriate authorities and internal staff
 - c. Prepare EOI
 - d. Prepare appropriate marketing materials and launch strategy
2. Present EOI to Council (Q2, 2024)
 - a. Request direction to release EOI
3. Present EOI Responses to Council (Q3, 2024)
 - a. Partner identification / selection
4. P3 Formation (Q4, 2024)
 - a. Legal agreements
 - b. Funding requirements
 - c. Detailed design works
 - d. Studies and Approvals
5. Potential project commencement (2026 – 2027)
 - a. Alignment with sanitary expansion
6. Project Completion (2027-2028)

Financial Impacts

The initial EOI preparation requires a relatively significant staff time allocation from multiple departments.

Attachments

Appendix A – Marina Public Private Partnership Exploration.

Report Approval Details

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| Document Title: | Pier Public Private Partnership Exploration.docx |
| Attachments: | - Appendix A - Marina Public Private Partnership Exploration.pdf |
| Final Approval Date: | Dec 7, 2023 |

This report and all of its attachments were approved and signed as outlined below:

Prepared by Ryan Donally

Approved by Justin Rousseau and Truper McBride