AGENDA ITEM #10.3

PREPARED BY
CJ THOMPSON

PRESENTED ON
MAY 15, 2020

EXPRESSION OF INTEREST

2020-CSP-36: PICTON & WELLINGTON MARINA OPERATIONS

THE CORPORATION OF THE
COUNTY OF PRINCE EDWARD

TENACITY CAPITAL

CONTENTS

Mayor, Council, CAO

I am pleased to submit Tenacity Capital's Expression of Interest. I am the CEO and Founder of Tenacity Capital and I am seeking the support of the Municipality to form a partnership to manage the operations of the Picton and Wellington marinas and boat launch. I also intend for Tenacity Capital to fully finance the revitalization of the Picton harbour by constructing a first-class waterfront & marina for the community.

Partnerships require a strong commitment from all involved, and when a shared vision is realized and a plan to work in concert is established, the true power of the public-private model is showcased.

Improving the marinas and waterfront creates connectivity; connectivity to commerce with new jobs, connectivity to community through enhanced public access, and a strong personal connection to my past. In the chilly winter months, Picton harbour was the place that I could always count on for a game of pickup with my friends, it was a place of community. When I look out there today, I do not see that same sense of place. I want this property to be that place for our community.

CJ Thompson
Founder & Chief Executive Officer | Tenacity Capital
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Tenacity Capital is a modern day investment parent company, partnering with exceptional businesses and brands across Canada. Headquartered in beautiful Prince Edward County, Ontario, Tenacity was established as a new model of infrastructure for rural Canada, allowing Canadians to live, work and thrive in the non-urban communities they love.

INTRODUCTION

EXPRESSION OF INTEREST

It is the intent of TENACITY CAPITAL to enter into a public-private-partnership on the subject properties and to establish a revitalized marina operation, which will service both the travelling public and local residents with access to improved marina facilities, services, and boat launch. Through said partnership, Tenacity Capital will stabilize/normalize the hours of operation with experienced Full Time staff thus improving and maintaining services for both locations. Tenacity Capital will focus initial investment and resources on the Picton location in order to expand on harbour services, invest in capital improvements to upgrade much needed safety features for the property (namely; a poured concrete pad to facilitate emergency lift out for crane operators, and booms and skimmers for emergency cleanup), and increase the transient docking.

In order to accomplish this, Tenacity Capital is requesting lease agreements with the municipality over an initial term of 5 years with an opportunity to establish KPI's in advance and set provisions for extension / renewal to 2033 and 2041 as per the existing beach agreement between the Municipality and Ministry of Natural Resources (MNR), at the rate of one-dollar per year, and thus removing the financial burden of a public service that operates at a net loss at the expenses of the ratepayer. Tenacity Capital will also assume the terms within the beach agreement and maintain the revenue sharing model with MNR at the predetermined rate of 10% of annual revenues generated through the operations of the marinas. In return, Tenacity Capital will build out a new state-of-the-art Picton marina operation with 70+ berths and U.S. Port of Entry on our existing waterfront property which is adjacent to the subject property, and improve and maintain docking and launching operations in Wellington.

It is through the consolidation of these efforts that we can forecast an increase in transient boater traffic which serves as a net benefit to the municipality and contributes to the viability and vibrancy of the respective harbours and downtowns.

OVERVIEW

PICTON HARBOUR

Picton Harbour has long been considered a key asset for Prince Edward County – attracting boating, fishing and sailing tourism and providing the quality of life and amenities that have attracted many residents to the County.

In the 2014 Prince Edward County Community Development Strategic Plan it states that the municipality should:

22. Support and attract private sector marina investment in suitable locations across the County and encourage the enhancement of public docking and launching and residential development where appropriate.
22.1 Develop concept plan for Picton harbour for approval. Pursue land acquisition / access if necessary. Determine needed amenities.
22.2 Develop internally a plan for the development of the public marinas to support private marina development.
22.3 Develop internally a plan for the development of public boat launches determining priority, works required and methods for on-going up keep.
22.4 Consider water access opportunities for public recreation, tourism development and quality of place enhancement.

To support this strategic plan action item, the municipality brought together a community stakeholder group responsible for further developing an overall vision for the County's marinas. As part of this groups mandate they have been charged with the creation of a Picton Harbour Development Plan. In doing the research for the plan it was identified that the Picton Marina could provide the amenities that are both needed and desired by the marine community if operated by a private sector entity. As a result Tenacity Capital is seeking the support of the Municipality in its expression of interest / intent to manage operations of the marina.

WELLINGTON HARBOUR

The Wellington Dock & Harbour is located directly on the north shore of Lake Ontario and shares it's waterfront with the Wellington Beach, which is proximal to the downtown core. and has a boardwalk leading to an iconic lighthouse and modern docking facilities, including a landing site with Canada Border Services for boaters arriving from the United States. The ease of access to the harbour, public beach & boardwalk and Lake Ontario waterfront & boat launch are widely considered to be core assets for the travelling public and local residents.

The action plans resulting from the Wellington Downtown Revitalization Study call out the want and need to improve access to water, and it is through the proposed public-private- partnership with Tenacity Capital that an opportunity exists to leverage Wellington's close proximity and access to the water for future enjoyment of local and travelling boaters.

Tenacity Capital will maintain and operate the seasonal and transient marina which consists of 11 seasonal docking slips and a boat launch.

COUNCIL & COMMUNITY PRIORITIES

The County's Mission Statement as per the *Corporate Strategic Plan* states that the municipal government of Prince Edward County champions the economic and social vitality of the community, and its actions are guided by the following principles:

- The delivery of cost effective services
- The development of sustainable infrastructure
- The promotion of a healthy, liveable and vibrant community

Entering into a public-private-partnership for the marina operations is in keeping with the guiding principles with a focus on creating cost saving efficiencies on marina operations, the creation of new sustainable infrastructure, and the promotion of an active and healthy lifestyle through the development of the waterfront property for the benefit of residents and visitors.

PICTON URBAN CENTRE SECONDARY PLAN

This defines the guiding policies with regards to Picton Harbour (sect. 2.12.2):

- Support the creation of visual and physical connections between surrounding neighbourhoods and the Harbour with particular focus on connections with the Downtown Core Area.
- Ensure that all development at the waterfront contributes to the viability and vibrancy of the Harbour for both residents and visitors.
- Interpret the historic and environmental features of the Harbour to express the significant contribution of this resource as a gateway to the community and to the quality of place in Picton-Hallowell.

Tenacity Capital has carefully considered these guiding policies in their forward thinking in the planning process for revitalizing the existing marina amenities and services that are currently utilized by residents and visitors. It is the intent of Tenacity Capital to ensure that a customer focused operational plan is implemented, ensuring that the services offered to boaters is in keeping with the best practices of marinas operated within South Eastern Ontario, this will be to the benefit of the municipality as the hours of operation, staffing, and fair market rates for services will be maintained and managed by Tenacity Capital.

The Picton Urban Centre Secondary Plan also recommends a series of implementation policies for consideration that will be intrinsic to the proposed public-private partnership, namely; the addition of dockside slips and expansion of the boat launch to better serve residents and visitors. These core improvements will also be complemented by updating the washrooms, information kiosks, and retail facility. Lastly, upon entering into a public-private partnership, Tenacity Capital will begin redevelopment on their existing property in consultation with Quinte Conservation to tie into the boat launch with the construction of a boardwalk to ensure public access to the shoreline is optimized and enhanced with pedestrian amenities that reflect the vibrancy of the waterfront while respecting the natural habitat through lighting, seating, and signage.

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The Official Plan Principles for The County's Urban Centres and Villages indicates the need to Identify Infrastructure Gaps that are currently limiting the community's growth potential. These principles also highlight the need for The County

to Facilitate Investment Attraction Opportunities that align with the community's identified gaps in services or amenities that are critical for future growth and vitality.The County's Downtown Revitalization Action Plan for Picton details a series of goals in relation to the Action Plans resulting from the Downtown Revitalization Study, this project speaks specifically to the need to Celebrate and Connect to Picton Harbour. A key component to the success of this goal will be the continued implementation of the Picton Harbour Improvement Plan. It is documented within this study that opportunities for new business exist as per the findings of the Downtown Revitalization Study, and a much needed new vision for Picton Harbour has been developed to guide the Municipality, prospective developers and investors, in shaping Picton's waterfront and surrounding area. The proposed partnership fulfills the goal of: increasing waterfront activities and amenities through a partnership on marina operations.

Working towards a shared vision for the development of Picton Harbour serves as a testament to maintaining and acting on the Corporate Values that reflect the role and responsibilities of Municipal/County Government; Collaborative, Service-oriented, Results-focused, Accountable, and Innovative.

It is through this proposed public-private-partnership that we can achieve these goals and realize a long term vision for the community.

PICTON MARINA PROPERTY INFORMATION

The property consists of 0.55 acres (2222.29 sq. m.) of land and one building of 721 sq. ft. The building is being used to house marina operations administration, washroom and shower facilities associated with marina use. The property is currently zoned Open Space (OS) that includes the following permitted use:

- Boat launching facility

Tenacity Capital is requesting that the municipality consider rezoning the property to Tourism Commercial upon establishing a public-private partnership for management and operations of the marina.

In the event the property is rezoned Tourism Commercial all proposed services will conform to the following uses:

- Tourist establishment
- Marina or accessory uses including storage, fuelling facilities, and marine sales and service.
- Any use, building or structure accessory to a permitted use including recreational facilities, convenience store and restaurant.

FACILITIES & SERVICES

Using our vast research and thorough advice from our advisors, we know that local economies are most postively impacted by marinas with modernized infrastructure and an "accommodations first" mindset. Therefore, Tenacity plans to roll out a series of upgrades to facilities. These upgrades are all in keeping with not only modern day marina best practices, but also the County's Harbour Improvment Plan.

INFRASTRUCTURE	DETAILS
Buildings	
Main Building (721 sq. ft.)	Includes washrooms / showers, cash register, office area and freezer for ice.
Pump House	Small out building.
Seawall	150’ seawall for overnight docking.Can hold an average of 3 boats and sometimes 4 depending on size.
Docks	
Small Dock	With a staircase for customers to park on an hourly basis to go into town.
Large Dock	Where boats come to get gas and pumped out.

TENACITY
UPGRADES

Tenacity Capital will improve existing building infrastructure and amenities.

Electrical	There are 5 – 15 amp electrical outlets, 3 of which are located at various spots along the seawall for transient boaters to use, 1 is located on the gas dock and the last 1 is on the side of the marina building. There are 7 – 30 amp outlets; all are located at various spots along the seawall for transient boaters	Tenacity will upgrade to the necessary amperage of ALL outlets providing the proper accommodations for today's modern vessels.
Water	There are 4 water hook-ups, 3 are at various spots along the seawall and one is located before the ramp on the gas dock.	
Depth	Depth varies throughout the season.	
Haul-out & Launch	Yes	
Storage Boat, Cradle, Mast.	No	Tenacity will be collaborating with local storage grounds to provide our boaters with proper and affordable storage options.
Mast Crane	Crane services are traditionally offered through the Prince Edward Yacht Club.	Tenacity will explore additional channels for crane services, including the addition of essential emergency crane services.
Parking Lot	Room for 5-6 trucks with boat trailers attached or 10-15 traditional cars, depending on space design.	

Garbage Disposal	Not currently on-site. There are public garbage cans.	Tenacity Capital will request that the municipality continues to maintain/empty public garbage cans.
Fees For Service		
Docking Fees	Docking fee: $1.51 + hst per footDocking fee Cruise Ships: $1.55 + hst per foot, per night (May 1 – 31 or October 1 to mid-November)	**All Service Fees** Besides managing docking/launch /fuel fees in direct correlation to fair market value, Tenacity will also package docking fees with offers from other local retail partners, creating a more inclusive experience with local businesses. We are excited to utilize this marina as an opportunity to market all that Prince Edward County has to offer.
Launch Fees	Launch fee $6.00, ½ season $29.10, Full season $60.00	
Additional Services		
Fuel Pumps	Premium & Diesel Fuel	
Pump out	$23.28 pump out fee	
Ice	Yes	
Picnic Tables	There is one permanent picnic table (located at the side of the parking lot) and often 2 regular ones near the office building.	
Marine Supplies	Charts (for a fee) and Oil	Tenacity will increase marine supplies offered to reflect consumer needs/wants.
Wifi	After fee is paid then Wifi is available.	Tenacity will provide complimentary Wifi to marina customers / boaters.
Phone	Payphone Available	

OBJECTIVES

PROPOSED SERVICE DELIVERABLES

Tenacity Capital is committed, at a minimum, in having the following Marina / Tourism operations continue:

- Boat launch
- Docking services
- Pump-out services
- Fuel services
- Visitor information services

Possible opportunities to be developed within a public private partnership:

- Tenacity Capital securing & maintaining Port of Entry designation with Canada Border Services Agency
- Net new marina services that meet current and future market/consumer demand
- Collaboration with local business owners to create net new consumer facing offerings i.e. accommodation packaging, wine tours, food & beverage partnerships
- Property & service improvements for residents and visitors

CORE RESPONSIBILITIES OF TENACITY CAPITAL AS MARINA OPERATOR

- Maintaining new Port of Entry designations with Canada Border Services Agency
- Compliance with all local, provincial and federal laws
- Entering into an initial 5 year lease agreement with the County including providing insurance levels and types, including indemnifications, as required by the County and reasonable for the type of operation agreed upon.
- Coordination of the set-up and monthly service fees and any other applicable expenses and required services for the operation of the marina, example telephone, internet, fuel deliveries, etc.
- Payment of any taxes, rates, charges or levies generated by the operation of the marina (i.e. vendor permits, by-laws, HST remittance, etc.)

- Adhering to all health and safety laws and agreeing to have any health and safety violations corrected within the stipulated time frame by the authority issuing the violation.
- Cost and coordination of all inspections required by law (i.e. health unit, TSSA, etc.)
- Utilizing the property for only those services outlined in the agreed upon lease.
- Ensuring no liens or encumbrances are placed against the County property.
- Staffing, relief, pay, supervision, discipline, health and safety training, employment insurance, leaves, uniforms, and all other matters arising from the relationship between the employer and their employees or their volunteers as applicable.

QUALIFICATIONS

As an investor in the previous ownership group (PEC Innovation Centre / Tip of the Bay Motel & Marina), CJ Thompson was responsible for the management of the existing marina operations. In July 2019, CJ Thompson fully acquired the property & marina assets through his holding company; Tenacity Capital, and has committed himself to a vision that revitalizes the waterfront and intends to hire a Harbour Master with 15+ years of operational experience.

Thompson also founded Tenacity Rural Ventures Inc., the country's first & only rural-based venture capital fund, leveraging a formal investment partnership with the Federal Government, bringing high tech jobs to rural Canada.

PHILOSOPHY

Tenacity Capital is committed to delivering a best in breed model for purpose built waterfront development, an approach that is guided by the following core principles:

- Environmental stewardship
- Service-oriented
- Community focused

OBJECTIVES AND GOALS

- Ensuring financial sustainability
- Enhancing access to waterfront for our community
- Becoming known as a waterfront destination of choice

COMMUNICATIONS AND PUBLIC RELATIONS

Tenacity Capital will work with the municipality, local government(s), and media to inform the general public about the partnership and vision for the waterfront.

DEAL SUMMARY

PROPOSED PUBLIC-PRIVATE PARTNERSHIP DEAL SUMMARY

- Formalize an initial 5 year lease agreement at a rate of one dollar per year with shared KPIs and pre-established provisions for extension / renewal to 2033 and 2041 respectively as per the existing beach agreement between the Municipality and Ministry of Natural Resources
- Tenacity Capital will assume the terms within the beach agreement and maintain the revenue sharing model with MNR at the predetermined rate of 10% of annual revenues generated through the operations of the marinas
- Rezoning to allow for Tourism Commercial at the Picton location
- Municipality maintains garbage removal on public property
- Tenacity Capital will remove the financial burden of a public service that operates at a net loss
- Exposure to the municipality is mitigated through a co-authored contract to ensure service delivery, operational standards with measurable, and maintenance of assets is established in advance

ADDENDUM

LETTERS OF SUPPORT TO FOLLOW

The
PICTON HARBOUR INN
& Lighthouse Restaurant

18 November, 2019

Dear Mayor Fergusson and Council:

On behalf of Picton Harbour Inn, I would like to express our support of Tenacity Capital's proposal to enter into a Public-Private Partnership with the Municipality for the operation of the Municipal boat launch and facilities located at 1 Head St, Picton. We believe this partnership is in line with the harbour redevelopment and would result in increased marina operations, serving both visitors and residents with normalized hours of operation, increased services and improved infrastructure.

As you are aware, Picton Harbour has long been considered a key asset for Prince Edward County – attracting boating, fishing and sailing tourism and providing the quality of life and amenities that have attracted many residents to the County.

As an organization with a vested interest in Picton and the development of Picton Harbour, we support the creation of visual and physical connections to the harbour with particular focus on connections with the downtown core area.

Through this letter, we wish to express our support for Tenacity to work in partnership with the Municipality in this exciting endeavour.

Sincerely,

David Walcott
Managing Partner
The Picton Harbour Inn
dwalcott@pictonharbourinn.com
613-602-2397

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Picton, ON, K0K 2T0
T: 613-602-2397 F: 613-476-2064
reservations@pictonharbou

THE

ROYAL

November 18, 2019

Dear Mayor Fergusson and Council:

I write on behalf of The Royal Hotel Group in support of Tenacity Capital proposal to enter into a Public-Private Partnership with the Municipality on the subject property to establish a revitalized marina operation, which would service both the travelling public and local residents with access to the boat launch and improved marina services. We strongly support this partnership as it will stabilize/normalize the hours of operations with experienced Full Time staff, expand on harbour services, invest in capital improvements to the property, and increase the transient docking while reducing the financial burden on the Municipality.

Picton Harbour has long been considered a key asset for Prince Edward County – attracting boating, fishing and sailing tourism and providing the quality of life and amenities that have attracted many residents to the County.

As an organization which is investing in Picton's downtown, we support the creation of visual and physical connections to the harbour with particular focus on connections with the downtown core area.

Through this letter, we acknowledge that there is an exciting opportunity to work in partnership with the private sector, and Tenacity Capital has demonstrated the vision and presented a plan that will ensure financially sustainability while enhancing access to waterfront for our community and as a waterfront destination of choice.

Yours sincerely,

G. Ch.

Greg Sorbara

247 Main St. Picton L.P. • C/O 800-3700 Steeles Ave West • Vaughan, ON • L4L 8M9 • 905-850-6154

November 18th, 2019

Dear Mayor Fergusson and Council:

I write on behalf of Port Picton Homes in support of Tenacity Capital proposal to enter into a Public-Private Partnership with the Municipality on the subject property to establish a revitalized marina operation, which would service both the travelling public and local residents with access to the boat launch and improved marina services. We strongly support this partnership as it will stabilize/normalize the hours of operations with experienced Full Time staff, expand on harbour services, invest in capital improvements to the property, and increase the transient docking while reducing the financial burden on the Municipality.

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Through this letter, we acknowledge that there is an exciting opportunity to work in partnership with the private sector, and Tenacity Capital has demonstrated the vision and presented a plan that will ensure financial sustainability while enhancing access to the waterfront for our community and as a waterfront destination of choice.

Sincerely, DAVID CLEAVE