

PROPONENT NAME: THE CITY OF PRINCE RUPERT

# Cow Bay Community Wharf Project

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A publicly accessible jobs creator, revenue producer, and waterfront development catalyst



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# Cow Bay Community Wharf Project

## Executive Summary

### Cow Bay Community Wharf Project

The proposed Cow Bay Community Wharf Project is a 12-foot wide, 700-foot long concrete float system in the Cow Bay area of Prince Rupert, the main hub for tourism activities. The location for the wharf is a water lot located seaward of the existing Atlin terminal. In addition to providing moorage for 32 vessels ranging from 40-50 feet, the wharf will also act as a breakwater for a future marina expansion project on the adjacent water lot.

The main goals and objectives of the Cow Bay Community Wharf Project are:

- 1) *To meet identified slip demands to generate greater revenue*
- 2) *To diversify the local economy through increased visitor traffic and job creation*
- 3) *To enhance the quality of life of locals and visitors alike*

The project creates twenty-one (21) full-time equivalent jobs (FTE) in construction, totaling \$597,676 in wages and value-added GDP worth \$890,770. As well, 2.5 FTE jobs will be directly created, in addition to maintenance jobs being contracted to local businesses routinely. The operations are estimated to increase visitor expenditures in the local economy between \$1,127,000 and \$2,941,000 seasonally while also creating 15-33 spin-off jobs, producing \$400,000-\$900,000 in labour income and generating between \$200,000-\$475,000 in total combined tax revenues on sales, labour income and fuel.

The Cow Bay Community Wharf project addresses all West Coast Community Adjustment Program criteria. The project has immediate direct economic benefits and helps diversify the local economy by creating jobs in operations and maintenance, generating revenue for the municipal government, as well as increasing customer traffic to surrounding businesses. The economies of neighboring communities are not affected as there are no competing harbours in the region. The project focuses on long-term sustainable development by generating sufficient revenues to be self-sustaining, bringing more of the pleasure power and sailing market to Prince Rupert. The project is consistent with a major municipal community economic development initiative to derive increased revenue from sources other than property taxes. The project has demonstrable community support from harbour users, local businesses, service organizations, and community groups. The project is not requesting funding for activities covered by existing programs and can leverage significant amounts of private and public dollars. Lastly, the project does not increase pressure on natural resources as it builds upon existing infrastructure in an area with harbour development. By strengthening the local tourism industry, the Cow Bay Community Wharf can perfectly exemplify an infrastructure project having a complimentary relationship with the realization of a significant and longstanding economic development opportunity.

Source of Funds	Amount Requested	Status
City of Prince Rupert	\$311,320	Confirmed
Prince Rupert Port Authority	\$75,000	Pending
Coast Sustainability Trust	\$250,000	Pending
Western Economic Diversification	\$500,000	Unconfirmed
Provincial Gaming Grant	\$100,000	Unconfirmed
Gas Tax Fund	\$250,000	Unconfirmed
<b>West Coast Community Adjustment (WCCAP)</b>	<b>\$250,000</b>	Unconfirmed
<b>Total Project Costs:</b>	<b>1,736,320</b>	

The project will run from June 2012 until April 2013, including all detailed engineering and environmental consulting, the request for proposal process, construction, installation, marketing and promotion of wharf, and the grand opening.

# Cow Bay Community Wharf Project

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## Proponent Information

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### The City of Prince Rupert

The City of Prince Rupert is an incorporated municipality with a population of approximately 13,000 residents on the north coast of British Columbia. The municipality shall exercise the powers expressly granted, those necessarily implied there from as well as powers necessary, appropriate, or incidental for its efficient and effective governance, and those which are essential to the promotion of the general welfare. Further, the local government shall ensure and support, among other things, the preservation and enrichment of culture, promote health and safety, enhance the right of the people to a balanced ecology, encourage and support the development and appropriate and self-reliant scientific and technological capabilities, improve public morals, economic prosperity and social justice, promote full employment among their residents, maintain peace and order and preserve the safety of their residents<sup>1</sup>.

### Prince Rupert Governance – Mayor and Council

Name	Position
Jack Mussallem	Mayor
Gina Garon	Councilor
Jennifer Rice	Councilor
Nelson Kinney	Councilor
Judy Carlick-Pearson	Councilor
Anna Ashley	Councilor
Joy Thorkelson	Councilor

### Key City Staff Members

Name	Position
Gord Howie	Chief Administrative Officer
Dan Rodin	Chief Financial Officer
Robert Grodecki	Corporate Administrator

### City of Prince Rupert Detailed Information

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<b>General email:</b>	<a href="mailto:cityhall@princerupert.ca">cityhall@princerupert.ca</a>
<b>Primary Contact Name:</b>	Derek Baker, Economic Development Officer
<b>GST #</b>	121361075RT0001

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<sup>1</sup> City of Prince Rupert, Certificate of Incorporation (Victoria: Legislative Assembly of B.C., 1910)

# Cow Bay Community Wharf Project

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## **Organizational Experience:**

The Cow Bay Community Wharf Project is a partnership between the City of Prince Rupert and the Prince Rupert Port Authority. The municipality will be contributing funding through various grant programs that it can access while the Port Authority is contributing funding as well as providing access to the water lot where the wharf will be located. The City and Port Authority have successfully collaborated and managed a project in the past where the multi-million dollar Northland Cruise Ship Terminal dock was constructed in 2004. Both organizations have resources to manage a project of this size. In 2007, the Port Authority successfully converted a bulk-loading facility to a state-of-the-art container facility at a total cost of \$170 million in partnership with the Government of Canada, Western Economic Diversification, the Province of British Columbia, CN Rail, and Maher Terminals. Expansion is planned in the near future to quadruple the capacity of the terminal at a cost of \$650 million. The City of Prince Rupert has an annual budget of \$16 million and has managed a wide array of municipal projects including most recently a \$650,000 grant from the federal Gas Tax Fund to upgrade a major sewer line. The combined project experience of the City of Prince Rupert and the Prince Rupert Port Authority is more than adequate to manage the Cow Bay Community Wharf Project.

## **Project Description**

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### **Cow Bay Community Wharf Project**

#### **Background:**

Prince Rupert is in a geographically strategic location in the heart of the Inside Passage. As the first port of entry for vessels heading south from the U.S., the last Canadian port heading north into American waters, and serving as a direct transportation gateway to Haida Gwaii, Prince Rupert is ideally located in the power cruise industry as the proximity to regional cruising routes directly affects the occupancy of transient slips. However, over the last twenty years, Prince Rupert has developed a reputation as being a port to bypass due to a lack of moorage space. The issue has been longstanding, but capacity issues and a struggling economy have kept any potential project from gaining traction.

After a series of stakeholder meetings, PREDC and Community Futures invested the resources to complete a regional market study of the power cruising industry. It was found that because of Prince Rupert's inability to supply adequate moorage, private boaters must sail directly to the next potential destination to clear customs in Shearwater, more than 300km south. For those sailing northward, many will not have effectively re-provisioned for over 600km due to the remote nature of the west coast of B.C., forcing boaters to continue another 160km to Ketchikan for supplies. The results of the regional market study prompted the stakeholder group to hire an engineering firm to determine potential site

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location and draft a design with accurate cost estimates. The Cow Bay Community Wharf Project design was the fruition of these efforts.

The proposed Cow Bay Community Wharf Project is a 12-foot wide, 700-foot long concrete float system in the Cow Bay, the main hub for tourism activities within Prince Rupert. The wharf is part of a larger Waterfront Improvement Project being undertaken by the Prince Rupert Port Authority for the Cow Bay area. The location for the wharf is a water lot bordering the Prince Rupert Yacht Club to the east and the Northland Cruise Ship Terminal to the west. The area was chosen by project stakeholders and the engineering firm for several reasons: it is the heart of Prince Rupert's tourism district, has immediate proximity to amenities, integrates into a larger waterfront improvement plan, and existing infrastructure can be utilized to significantly reduce construction and operational costs. In addition to providing moorage for 32 vessels ranging from 40-50 feet, the wharf will also act as a breakwater for a future marina expansion project on the adjacent water lot. The concept includes potential for a variety of different user groups including drop off and pickup of charter fishing and sightseeing guests, fish market, water-based excursions meeting area, and public access for residents.

## **Goals and Objectives:**

- 1) *Meeting identified slip demands to generate greater revenue.* Currently, Prince Rupert's combined marina capacity provides less than ten (10) slips for the 1200 transient vessel that pass through surrounding waters each year. With 32 slips proposed, this equates to approximately \$300,000 in potential annual revenue to fund operations. Through this revenue, the municipal administration can fulfill one of its major economic development initiatives to increase revenue from sources other than property taxes.
- 2) *Diversifying the local economy through increased visitor traffic and job creation.* In addition to revenue generation, this project will create sustainable economic benefits through increased harbour capacity. The average pleasure craft carries 3-4 passengers and stays 2-3 nights, with expenditures of \$250-\$500/day in the community at local restaurants, machine shops, grocery and gift stores, malls, laundromats, coffee shops, museums, fishing and sightseeing excursions. This project will significantly benefit surrounding local businesses with a reliable increased customer base, facilitating increased service levels and job creation. Furthermore, the operation of the wharf will create at least 2.5 FTE jobs to service the needs of visitors, provide administration, and maintain the facility. As well, special maintenance will be required from time-to-time from skilled labour that can be accessed in the local economy, providing meaningful employment to local marine-based businesses.

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- 3) *Enhancing the quality of life of locals and visitors.* Offering public access to the wharf enhances community quality of life by increasing accessibility to charter fisheries, outdoor excursions, sightseeing tours, off-dock fishing, and many other potential amenities that will help make Prince Rupert a premier Northern British Columbian destination.

## **Consistency with WCCAP Guiding Principles:**

The Cow Bay Community Wharf Project fits within WCCAP's guiding principles. First, it is the stated goal of the program to encourage long-term, sustainable economic development. The Cow Bay Wharf project meets this goal by creating benefits in construction and operation, and increasing customer traffic to surrounding businesses. The Cow Bay Community Wharf is a catalyst for a future marina and is ideally suited to generate revenue, create and maintain 2.5 FTE jobs, and create economic benefits for the community. The Cow Bay Community Wharf Project fits well as an ocean-based strategic investment with proven long-term economic benefits for stakeholders and the community at large.

The Cow Bay Community Wharf Project is consistent with the City's community economic development strategy to derive increased revenue from sources other than property taxes. The project diversifies the local economy without adversely affecting any neighboring communities as there are no other competing power and sail cruising ports within the region. The project has immediate tangible benefits with construction while more economic benefits are derived from operations, including employment to staff the wharf, and the enhancement of surrounding businesses with increased customers. The project focuses on long-term economic sustainability by having revenues cover the cost of maintenance and integrating into existing infrastructure to reduce costs. The project has demonstrable community support from harbor users, local businesses, service organizations, and community groups. The project does not request funding for activities that can be covered by existing programs and is able to leverage significant amounts of both public and private dollars from both the Port Authority and the City of Prince Rupert, with a multitude of further options. And lastly, as the project builds upon existing infrastructure in an area with significant harbor development, it does not cause unsustainable pressure on natural resources. The Cow Bay Community Wharf Project embodies the correlation of infrastructure investment and the realization of an important economic development opportunity.

## **Areas of Investment and Eligibility Criteria:**

Associated costs of the project are eligible under the WCCAP Eligibility Criteria: funding goes towards construction wages and materials, equipment and supplies, contractor fees, and preliminary consulting. No funding will be going towards administration, hospitality expenses, real estate purchases, or non-arms length transactions. The project does not subsidize a business or refinance debt. The main

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objective is to draw increased revenue to the municipal government and additional customer traffic to local business.

## **Relevant Background Studies:**

As mentioned previously, PREDC and Community Futures recently completed a regional marina market study. The report concluded that Prince Rupert is in an ideal marine touring location with appropriate amenities for recreational boaters, yet an average of two transient vessels are being turned away daily due to the lack of moorage capacity. The report recommended that the Prince Rupert harbour could continue to maintain 100% occupancy rates with the creation of as many as 280 additional slips.

Herold Engineering provided project stakeholders with a conceptual design, cost estimates, project timelines and materials recommendations. The design recommended that any new infrastructure be integrated into the existing dock at Atlin terminal as it would significantly reduce project costs. Furthermore, a system of anchors and chains was recommended as the cost of installing pilings at such depths was considerably higher. Concrete was chosen for construction because of its 30-40 year lifespan and minimal maintenance requirements as opposed to traditional timber floats which have substantially less service life and require extensive maintenance. It was noted that the largest determining factor for concrete was the safety of the wharf and its patrons because with no opportunity for breakwaters due to the proximity to the cruise terminal, the Cow Bay Community Wharf needs to be constructed with considerable mass, width and depth to offer stability during times of heavy wave action.

In 2007, Tourism Prince Rupert commissioned a comprehensive visitor study to examine the local tourism economy and make recommendations for further action. The study outlined the demographics and characteristics, activities, expenditures, and transportation patterns of travelers in Prince Rupert. The findings provided evidence about traveler profiles, visitor volumes, tourism expenditures, and trip characteristics to help decision-making processes within the tourism industry.

The Nanaimo Port Authority conducted a survey of transient vessels to determine the spin-off benefits of marinas and to investigate spending profiles of visitors. The study determined that power and sail cruise passenger expenditures are considerably higher than that of traditional visitors: on a daily basis, 25% spend between \$100 and \$250, 46% spend \$250 to \$500, and 29% spend \$500 to \$1000. The study also found that the average pleasure craft travels with 3 passengers, equating to an average daily expenditure of \$250 per boat. Based on these averages, the PREDC market study determined that the estimated increase in visitor expenditures throughout the local economy could be between \$1,200,000 and \$2,600,000 annually<sup>2</sup>. PREDC substantiated these numbers by running economic impact models with increasingly conservative figures which can be found in the appendices. The medium-low and medium-

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<sup>2</sup> Prince Rupert Economic Development Corporation (PREDC), [Prince Rupert Marina](#) (Prince Rupert: PREDC and Community Futures Pacific Northwest, 2011)

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high spending models forecast visitor expenditures in the local economy to increase between \$1,105,600 and \$2,685,400 during the cruising season, in addition to \$209,400 and \$472,200 combined tax revenues.

## Work Plan

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### Cow Bay Community Wharf Project

#### Project Milestones:

For this project to come to fruition, the principal milestones that must be completed are:

- 1) *Securing necessary funding sources.* This task is currently being conducted by the PREDC grant researcher/writer and will be completed as soon as funding decisions are made and notifications sent to project stakeholders.
- 2) *Obtaining detailed engineering and environmental consulting.* This task is set to be commissioned by the project stakeholder group in the same manner as the engineering firm was hired to draft a conceptual design.
- 3) *Conducting request for proposals process.* In general, the main project components have been outlined by Herold Engineering and are minimally variable. Therefore, the winning contract through the RFP process will have a detailed construction plan. The winning company will designate a project manager who will be responsible for hiring and supervising a crew, as well as planning, scheduling, and managing of the project budget and timelines as outlined in the contract. This process is expected to take no longer than one month.
- 4) *Construction and installation.* This task will be completed and managed in full by the company with the winning contract in the request for proposals phase.
- 5) *Marketing and promotion.* The project stakeholder group will utilize resources to market and promote the new wharf to the surrounding region through traditional print, online, and radio media and will also target the power cruise industry using avenues such as industry magazines and websites.
- 6) *Project completion/grand opening.* Through the marketing and promotional campaign, a grand opening ceremony will be planned and marketed as a public event to thank funders and celebrate the achievement of the project.

#### Role of Partners:

The primary role of funding partners is to support project stakeholders for making effective use of grant funding, including leveraging partnership financing. In addition, funding partners may be asked to participate in the marketing campaign and grand opening ceremony to showcase the project, project partner organizations, and the benefits to the city and region.

# Cow Bay Community Wharf Project

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## **Project Management:**

Coordination of the project is being led by Derek Baker, the economic development officer of the City, supported by a stakeholder group with extensive experience in marine construction, operations and project management. The project stakeholder group includes:

- Gary Paulson - Harbour Master, Prince Rupert Port Authority
- Steve Robin - Director of Operations, Prince Rupert Port Authority
- Andrew Hamilton - Director, Business Development, Prince Rupert Port Authority
- Mark Newbury - Commodore, Prince Rupert Yacht Club
- Kerry Weick - General Manager, Port Edward Harbour Authority

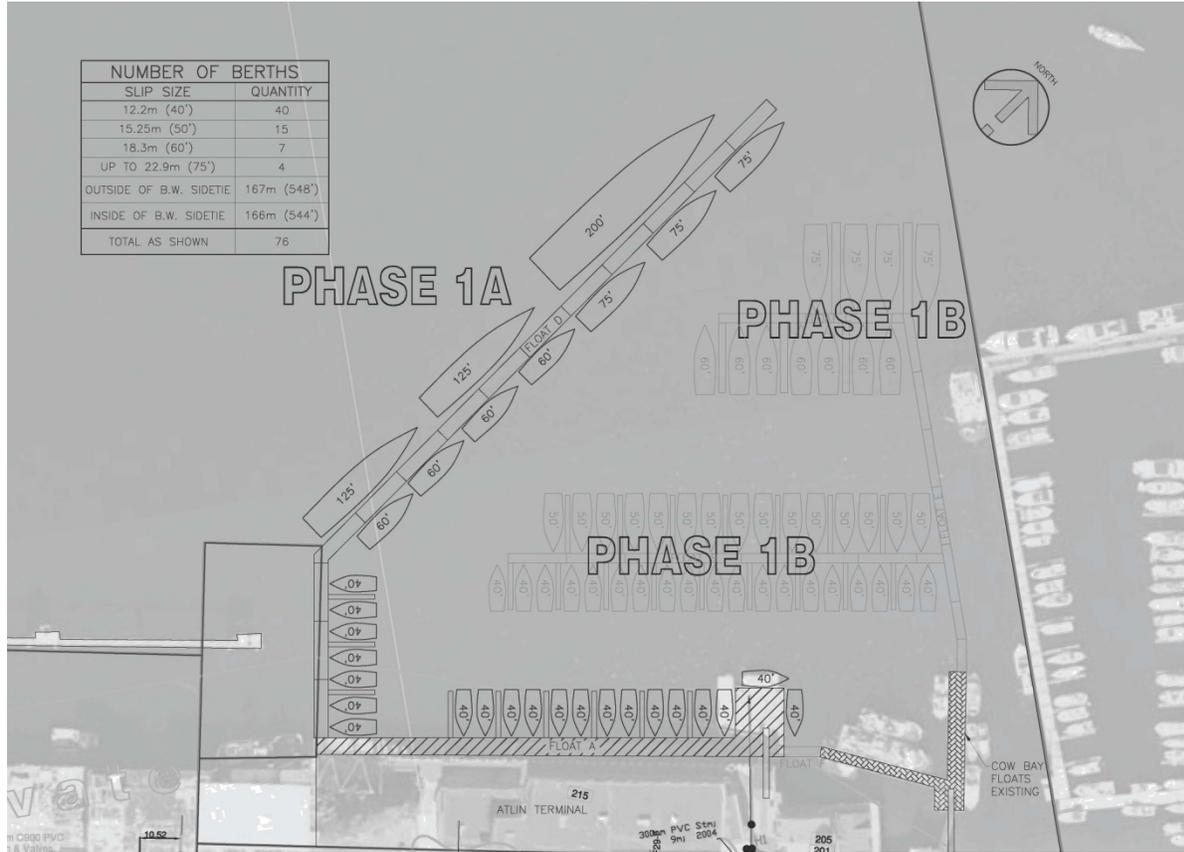
The City of Prince Rupert also has access to an engineering department that can provide expertise and recommendations on various components of the project as required.

## **Project Specifics:**

As designed, The Cow Bay Community Wharf will consist of two main components referred to in Figure 1.1 below. Float D will be constructed of 10 and 12 foot wide concrete floats extending out into the harbour approximately 680 feet and ties into the existing floats, piles and gangway at Atlin Terminal as it was recommended that building upon this existing infrastructure significantly reduces the costs of the project. Prince Rupert is a deep natural harbour reaching depths of 200 feet relatively close to shore, meaning the wharf needs to be secured by anchors and chains every 30 feet as the cost of installing pilings at such depths is considerably higher. The second main component of the wharf is the existing 8 foot wide 400-foot long Atlin Terminal (Float A) which will amalgamate with Float D to form the Cow Bay Community Wharf. Float A will be modified to include 6 slips and will accommodate 14 vessels up to 40 ft in length. Float D will include 9 fingers and will have capacity to accommodate 10 vessels up to 40 ft and 8 vessels up to 50 ft in length. Float A has existing power and water services that will be expanded to provide servicing to vessels docked on Float D. In addition to providing moorage, the wharf will also act as a breakwater for a future marina expansion project on the adjacent water lot, indicated as Phase 2 in Fig. 1.1.

# Cow Bay Community Wharf Project

**Figure 1.1 – Cow Bay Community Wharf and Potential Marina Phasing<sup>3</sup>**



## Schedule

### Cow Bay Community Wharf Project

Activity Schedule (all timelines are flexible)	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Apply for CST grant	█										
Apply for WCCAP grant	█	█									
Apply for WED grant	█	█									
Fisheries and Oceans Environmental Review			█	█							
Environmental Consulting				█	█						
Request for Proposals					█						
Construction and installation						█	█	█			
Marketing and promotion						█	█	█	█	█	█
Grand Opening											█

<sup>3</sup> Herold Engineering, Conceptual Marina Design (Prince Rupert: Herold Engineering, 2011)

# Cow Bay Community Wharf Project

## Financial Plan

### Cow Bay Community Wharf Project

#### Detailed Budget<sup>4</sup>:

Phase 1A - Floating Breakwater						
<b>A. Supply Finger Floats - Phase 1A</b>						
Vessel	Length (ft)	Width (ft.)	Area (Sqft)	Cost Per Area Supply Only	Number Required	
40'	40	4	160	\$40	9	\$57,600
<b>Sub-Total - Finger Float Supply</b>						<b>\$57,600</b>
<b>B. Supply Breakwater Float Modules</b>						
	Length (ft)	Width (ft.)	Overall Length Required	Cost Per Module	Number Required	Supply Cost Estimate
Float D Modules	50	12	700	\$54,000	14	\$756,000
<b>Sub-Total - Walkway Float Supply</b>						<b>\$756,000</b>
<b>C. Float Installation - Phase 1A</b>						
	Cost Per Day of Crew and	Number of Days Required	Estimate			
Float Fingers	\$15,000	10	\$150,000			
Walkway Floats	\$15,000	10	\$150,000			
Mobilization/Demobilization			\$100,000			
<b>Sub-Total Float Installation</b>						<b>\$400,000</b>
<b>D. Supply and Install Mooring System - Floating Breakwater</b>						
	Length of Breakwater	Anchors Spacing (ft.)	Number of Anchors Required	Cost Per Anchor and Chain Unit Installed		
	700	30	23	\$10,000		
<b>Sub-Total Mooring System Supply and Installation</b>						<b>\$233,333</b>
<b>E. Services on Floating Breakwater</b>						
Service Kiosks			\$15,000			
Water Distribution System Supplied / Installed			\$30,000			
Electrical Distribution System and Lighting Supplied / Installed			\$50,000			
<b>Sub-Total - Services to Floats</b>						<b>\$95,000</b>
<b>Sub-Total - Phase 1A</b>						<b>\$1,446,933</b>
<b>Contingency (15%)</b>						<b>\$289,387</b>
<b>Engineering Budget (10%)</b>						<b>\$144,693</b>
<b>Estimate for Phase 1A</b>						<b>\$1,736,320</b>

<sup>4</sup> Herold Engineering, Community Dock/Marina Breakwater Prince Rupert Harbour Revised Drawings and Cost Estimates (Prince Rupert: Herold Engineering, 2012)

# Cow Bay Community Wharf Project

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## Sources of Funding:

Source	Amount Requested	Status
City of Prince Rupert	311,320	Confirmed
Prince Rupert Port Authority	75,000	Pending
Coast Sustainability Trust	250,000	Pending
Western Economic Diversification	500,000	Unconfirmed
Provincial Gaming Grant	100,000	Unconfirmed
Gas Tax Fund	250,000	Unconfirmed
West Coast Community Adjustment Program	250,000	Unconfirmed
<b>Total</b>	<b>1,736,320</b>	

## Amount Requested from WCCAP: 250,000

The rationale for this request is that the project meshes seamlessly with the program funding criteria and principles, and the percentage of total project cost (14%) is comparative to other funders.

## Cash Flow Estimates:

As a mixed-use facility, the Cow Bay Community Wharf will provide public access to the waterfront while also generating revenues from the slip capacity and touch-and-go services for various tourism based businesses including fish charter operators, adventure excursions and sightseeing tours. The revenues generated will be invested back into the wharf for maintenance and the completion of Phase 2 in the future. The Cow Bay Community Wharf will have a total of 32 dedicated with capacity to accommodate vessels up to 50 ft in length. There is also availability for larger ships ranging from 60 to 200 ft to tie up along the outside of the wharf. This occurrence will be minimal as it is a requirement for emergency moorage.

The proposed Cow Bay Community Wharf has the most readily accessible amenities of any moorage north of Vancouver Island. The city boasts a multitude of restaurants, grocery stores, a retail mall, boutique retail stores, medical services, a post office, an airport, fuel stations, customs office, ferry terminals, government agencies, hotels, laundromats, cleaners, and numerous banks - all within walking distance. With identified existing demands, in combination with Prince Rupert's strategic advantages, it is realistic to expect a 100% occupancy rate throughout the 140 day cruising season.

It is expected that demand for seasonal slips will come from the latent demand existing because of the shortfall of seasonal slips within a 1 day sailing radius. This financial model assumes:

- 100% occupancy rate
- 140 day sailing season
- 24 – 40' slips
- 8 – 50' slips
- rental fees based on size of slip, not boat
- 40' = \$50/day
- 50' = \$62.5/day
- average duration of stay is 3 days

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<b>Seasonal Rates</b>		
Sailing Days:	140	
40' Slip Rate:	\$50/day	
50' Slip Rate:	\$62.5/day	
		40' Slips      24
		50' Slips      8
		<b>Total Slips      32</b>
<b>Winter Rates</b>		
Winter Months	7	
Winter Rates	\$225/month	
Number of slips	32	
<b><u>Seasonal Revenues, 100% Occupancy</u></b>		
Twenty four (24) forty (40') slips:		\$ 168,000
Eight (8) Fifty (50') slips:		\$ 70,000
<b>Seasonal Moorage Revenue</b>		<b>\$ 238,000</b>
<b><u>Winter Revenues, 100% Occupancy</u></b>		
Twenty four (24) forty (40') slips:		\$ 37,800
Eight (8) Fifty (50') slips:		\$ 12,600
<b>Winter Moorage Revenue</b>		<b>\$ 50,400</b>
<b>Total Annual Revenue</b>		
<b>(Year 1)</b>		<b>\$ 288,400</b>
<b>(Year 2)</b>		<b>\$ 288,400</b>

A profit-sharing agreement will be negotiated between the project stakeholders and partners.

## Legal and Regulatory Requirements

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### Cow Bay Community Wharf Project

The project is located on a water lot under the jurisdiction of the Prince Rupert Port Authority. As a Canadian Port Authority, an environmental assessment under the Canada Port Authorities Environmental Assessment Regulations must be completed. Initial consultations with the Port Authority’s Planning Department have indicated the project will have to go through a screening report. The objective of this document is to provide the information required to evaluate the project and make determinations regarding the environmental effects. In accordance with Canada Port Authorities Environmental Assessment Regulations, all project documents are public record available for all stakeholders, First Nations, and general public to review and provide comment. This process is expected to take 2-4 months and will address all environmental requirements outside of the Department of Fisheries and Oceans.

The Prince Rupert Port Authority, a member of “Green Marine” is a leader in environmental stewardship. The Port has implemented a series of monitoring programs to ensure all of its operations

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contribute to a low carbon emission footprint. As the first port in North America to implement “cold ironing” shore power to container ships through an electric cable management system, the Prince Rupert Port Authority is attracting customers looking towards innovative “green” port services. In the cruise business, the Port is strategically positioning itself to take advantage of new environmental rules imposing a higher grade and higher cost of fuel on the cruise industry. This new legislation will force cruise lines to shorten trips and redeploy their itineraries, making Prince Rupert the most cost-effective and environmentally advantageous port in the Alaskan cruise theatre. Any portions of this process will be accorded the same high-level scrutiny.

Other legal and regulatory requirements include worker safety under WCB guidelines and building to current code. To this end, engineers from Herold Engineering and the Project Steering committee will provide guidance on building code requirements and planning. As construction will be completed and supervised by contractors, these requirements fall under their responsibilities. The project manager will continue to work with the Project Steering Committee to ensure proper measures are taken when awarding contracts and that due diligence is maintained throughout the project.

## Community Support

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### Cow Bay Community Wharf Project

Members of the community hold Prince Rupert’s harbour in high regard and are extremely supportive of any efforts made to increase access to it, made evident in the last municipal election. A major benefit of the project is the support for existing businesses and the diversification of the economy. To this end, letters of support are attached from the Prince Rupert Port Edward Economic Development Corporation, Prince Rupert and District Chamber of Commerce, the Prince Rupert Port Authority, and various local businesses<sup>5</sup>.

The Cow Bay Community Wharf is a crucial project for Prince Rupert as it is a catalyst for future marina and waterfront developments in the area. The combination of these projects over the next few years is aimed to establish Prince Rupert’s Cow Bay area as a premier destination for visitors, a community nexus, and an economic hub. Cow Bay is quite simply the “heart” of the community. Related future planned projects will see a visitor portal to welcome guests to the community, mixed-use commercial building developments, improved destination signage, further expansion of a marina, and exhibits highlighting our ecological, cultural and pioneer histories, thus creating an improved experience for visitors and locals alike. Without increasing the capacity to accommodate the overwhelming demand

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<sup>5</sup> Various Local Organizations, [Letter of Support](#) (Prince Rupert, 2012)

# Cow Bay Community Wharf Project

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for itinerate vessels in Prince Rupert, these supporting projects will lack the critical and consistent mass of visitors needed to remain healthy.

The Cow Bay Community Wharf Project is one of several projects within the City of Prince Rupert seeking to preserve and expand the existing access to the waterfront. Increased access to the harbour improves Prince Rupert resident's quality of life and visitor experiences while enabling further business development opportunities. The City envisions the Cow Bay Community Wharf serving as a premier public access space for residents and guests to enjoy, whether it is off-dock fishing, relaxing on a park bench, or buying fish from a local fisherman. It will also serve as a launch point for charter fishing, boat tours, kayak trips, whale watching excursions, and flight seeing tours, making the Cow Bay Community Wharf a catalyst for future development of the local tourism economy.

The most significant measure that has been taken to solicit community support for the project is the Port Authority's process for developing a vision for the Cow Bay area. The extensive community consultation process identified that public access to the waterfront is one of the most major concerns local residents have about any potential projects in the area. Most recently, an open house was conducted to showcase the vision of Cow Bay, including the proposed marina project. Initial response from the community has been extremely positive.

## Project Benefits

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### Cow Bay Community Wharf Project

#### Construction Benefits:

The Cow Bay Community Wharf project will immediately generate economic impacts when construction begins. The total construction budget of \$1.7 million consists of labour, building materials and supplies, and professional services. It is forecasted that labour will be sourced locally by providing preferential status to construction bids from local businesses, while more specialized supplies and services will be sourced from outside the region. Based on the B.C. provincial economic multipliers for recreational boating, the construction of the Cow Bay Community Wharf will have a significant impact:

<b>Economic Impact</b>	<b>Temporary Construction Impacts</b>
Local Employment	30
Full Time Equivalents	21
Wages and Salaries	\$579,676
Value Added (GDP)	\$890,770

Not only will this project create approximately 21 full-time jobs over the construction period, these jobs will build local skills in an industry that is increasingly significant to the north coast. With the anticipated expansion of the container port, construction of other export terminals, and the further

# Cow Bay Community Wharf Project

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expansion of the marina anticipated in Prince Rupert, along with similar projects along the north coast, building local capacity to provide marine construction work is extremely relevant to the local economy.

## **Operation Benefits:**

The Cow Bay Wharf will be an income producing asset, generating \$288,400 dollars in annual revenue to the benefit of the taxpayers of the City of Prince Rupert. Economic impacts of the operations includes: hiring of two to three employees to operate and maintain the wharf, covering a full week of 12-14 hour days, and a caretaker/manager to oversee personnel, manage the operations, train staff and maintain safety standards. Duties for dock hands would include receiving reservations, ensuring visiting vessels were welcomed and given assistance to dock, provided with a welcome package, receiving docking fees, either credit cards or cash. Dock hands will also keep the docks clean and clear of debris on the wharf fingers and remove floating logs and garbage from in between vessels and the dock.

## **Spin-off Benefits:**

The Cow Bay Community Wharf will have a tremendously positive impact on the local economy. Creating additional moorage capacity will attract more visitors and create spin-off benefits to local businesses throughout the tourism and marine industries. Boater spending averages on a per-day basis have been adopted from spending profiles developed from the Nanaimo Port Authority survey of 7000 transient vessels. The study determined that power and sail cruise passengers expenditures are considerably higher than that of traditional visitors: 25% spend \$100 to \$250 daily, 46% spend \$250 to \$500 daily, and 29% spend \$500 to \$1000 daily.

When estimating the economic impacts of the proposed wharf, findings have been adopted from a 2007 Prince Rupert visitor study which determined the average length of stay for visitors to Prince Rupert was 3 days. Based on a 140 day sailing season it is safe to assume that the wharf will turn over roughly 46 times during the season. This equates to 32 new vessels every 3 days for a total of 46 turnovers throughout the season, meaning the wharf has the ability to accommodate 1472 itinerate vessels throughout the sailing season. When considering the study completed by the Nanaimo Port Authority, the wharf will increase visits by an additional 4416 guests. Based on the average guest expenditure numbers, in combination with the basic breakdown of expenditures provided by Florida Boating Economics, the seasonal economic impact of transient vessel spending at the wharf can be calculated as follows:

# Cow Bay Community Wharf Project

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## Seasonal Economic Impact of Transient Vessel Spending at the Cow Bay Community Wharf<sup>6</sup>

### Economic Impact of Trip Spending by Boats at the Cow Bay Wharf (medium-low spending model)

Sector/Spending Category	Sales (\$CAN thousand)	Jobs (FTE)	Labour Income (\$CAN thousand)	Value Added (\$CAN thousand)
<b>Direct Effects</b>				
Lodging	106.2	2.2	36.1	62.6
Marina Services	202.9	2.9	67	119.7
Restaurant	190	4	60.8	87.4
Recreation & Entertainment	44.8	0.6	14.8	26.4
Grocery Stores*	22.3	0.4	9.6	13.6
Gas Service Stations*	87.6	1.2	27.2	59.6
Other Retail*	32.1	0.6	13.8	19.3
Wholesale*	41.7	0.3	15.8	27.9
Total Tax Revenues	111.40	N/A	57.90	N/A
<b>Total Direct Effects</b>	<b>839.00</b>	<b>12.1</b>	<b>303</b>	<b>416.60</b>
<b>Secondary Effects</b>	<b>288.1</b>	<b>2.8</b>	<b>75.2</b>	<b>162.6</b>
<b>Total Effects</b>	<b>1,127</b>	<b>15</b>	<b>378.2</b>	<b>579.20</b>

### Economic Impact of Trip Spending by Boats at the Cow Bay Wharf (medium-high spending model)

Sector/Spending Category	Sales (\$CAN thousand)	Jobs (FTE)	Labour Income (\$CAN thousand)	Value Added (\$CAN thousand)
<b>Direct Effects</b>				
Lodging	215.5	4.4	73.3	127.1
Marina Services	493.2	7	162.8	291
Restaurant	402.8	8.4	128.9	185.3
Recreation & Entertainment	150.1	2.2	49.5	88.5
Grocery Stores*	53.8	1	23.2	32.8
Gas Service Stations*	107.4	1.5	33.3	73
Other Retail*	97.3	1.7	41.8	58.4
Wholesale*	75.8	0.6	28.8	50.8
Total Tax Revenues	255.60	N/A	127.8	N/A
<b>Total Direct Effects</b>	<b>1,851.50</b>	<b>26.7</b>	<b>669.4</b>	<b>907.00</b>
<b>Secondary Effects</b>	<b>639.3</b>	<b>6.3</b>	<b>173.8</b>	<b>361</b>
<b>Total Effects</b>	<b>2,491</b>	<b>32.9</b>	<b>843.2</b>	<b>1,268.00</b>

\*Retail Margins on Sales

*Assumptions: 40% combined income tax rates, a 37% tax on gasoline at current prices, the 2% local hotel tax remains, 12% combined sales tax rates, 4480 vessel nights, and 100% occupancy*

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<sup>6</sup> Recreational Marine Research Centre. [Online Boating Economic Impact Model](#). Michigan: University of Michigan State and Florida Fish and Wildlife Conservation Commission, 2011.

# Cow Bay Community Wharf Project

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An additional spin-off benefit that the project generates is increased public access to the waterfront that provides more amenities, adds a new tourism attraction and transportation gateway, and enhances the physical appearance of the city's waterfront. The Cow Bay Community Wharf will provide greater opportunities for the public to experience boating and other recreational activities on the waterfront. The wharf is also a catalyst for new mixed-use developments in the waterfront area including a marina on the adjacent water lot.

## **Project Risks**

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### **Cow Bay Community Wharf Project**

Economic risks of the Cow Bay Community Wharf Project are minimal as marina capacity and demand will generate sufficient revenues to sustain itself without even fully meeting existing demand.

An obvious risk is the environmental screening process for the project. The Prince Rupert Port Authority is leading the environmental screening process under the appropriate regulations. The Port Authority has already established itself as a leader in environmental stewardship through implementation of a series of best practices to ensure all projects have minimal impacts. Any portions of this project that have environmental implications will be maintained to the same high-level scrutiny.

The most evident risk to the project is securing the necessary funding needed to begin construction. To address this, PREDC has been specifically tasked with soliciting and securing funding from a number of public and private sources. PREDC has hired a full-time grant writer for a period of 7 months, identified a number of high priority funding opportunities, and has begun preparing funding requests with assistance from the project committee.

Lastly, there are risks associated with any construction project including: construction and installation delays, cost overruns, shortage of materials or skilled labour being readily available, weather delays, higher interest rates, and inflation. To address these issues, two items have been planned into the project. First, a 15% contingency has been factored into the project budget to account for any potential cost overruns, project delays, higher interest rates and inflation. Second, the request for proposal process and corresponding construction contract will specifically address the use of local labour where possible, but will delegate risk to the specialist contractor in regards to sourcing materials and skilled labour.

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## Appendices

Appendix I: City of Prince Rupert Certificate of Incorporation

Appendix II: Prince Rupert Economic Development Corporation Regional Marina Market Study

Appendix III: Herold Engineering Revised Drawings and Cost Estimates

Appendix IV: Various Community Organizations Letters of Support

Appendix V: Economic Impact Analysis – Boating Economics Website Economic Impact Model

Appendix VI: 2011 City of Prince Rupert Audited Financial Statements

Appendix VII: Authorization and Acknowledgement/Signatures Page

Appendix VIII: Prince Rupert City Council Resolution of Support for Cow Bay Community Wharf

*Other supplementary documentation available by request:*

City of Prince Rupert. Official Quality of Life Community Plan. Prince Rupert: City of Prince Rupert, 2010.

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