



Business Case

CFSA-X Capital Project



“Believe me, my young friend, there is nothing - absolutely nothing - half so much worth doing as simply messing about in boats.”

— Kenneth Grahame, *The Wind in the Willows*



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References

A-PS-110-001/AG-002 Morale and Welfare Programs in the CF

Specialty Interest Activity Policy

Canadian Forces Sailing Association Constitution, Updated 25 April 2019

Memorandum of Understanding (MOU) between the Department of National Defence and Public Services and Procurement Canada for the transfer of Administrative Authority over the Munroe Head Property....

<https://www.canada.ca/en/treasury-board-secretariat/services/information-technology-project-management/project-management/business-case-guide.html>

Introduction

CFSA is a volunteer-based sailing club that operates on the “Self Help” principle with additional support provided by CFB Esquimalt, PSP and Real Property Operations - Esquimalt

This document has been presented to PSP and CFMWS in favour of CFSA’s application for a CFCF loan to support its transformation efforts. It is intended to outline the re-capitalisation strategy associated with the relocation to the new CFSA-X location approved in principle by the Base Commander in November 2017. In the advent of any conflict between this document, the Club’s Constitution and either National Direction or DAODs, the latter two documents shall take precedence.

Authority Signatures

This section contains the signatures of key stakeholders, indicating that they agree with the presentation or proposal as it appears in the business case.

LCdr Christopher Maier
Executive Sponsor
Commodore, CFSA

Date

Capt(N) Kevin Greenwood, Ret'd
Project Sponsor
Future Property Committee Chairman, CFSA

Date

Col Pierre Berube, Ret'd
Project Sponsor
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Date

Cdr Foreman
Base Administration Officer
Base Working Group Co-Chair

Date

David Rothermund
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Date

Maj Brotherton
Real Property Operations, CFB Esquimalt
Real Property Operations

Date

Executive Summary

The following business case represents the culmination of two and a half years of work of the CFSA Transition Committee. It outlines a process that has evolved from a vision statement, a statement of aspirational requirements, a refinement of those requirements into a COA analysis, and a final COA and business analysis with a comprehensive cash flow plan. This plan substantiates CFSA's plan to generate sufficient revenue to finance a \$2.5x million dollar loan using standard CFCF loan terms.

The course of action chosen was to relocate the club to Colwood, nearer to the majority of the communities of Langford and Colwood where the Defence Community is residing in greater numbers year after year. This location is based on a low-cost achievable option that uses Smart and McCarthy Islands to shelter the future marina from heavy weather. Herold Engineering is the Consulting Engineer for this project.

The project is broken into an initial operating capability (IOC) and a final operating capability (FOC). The original financing is expected to cover the development needed to achieve IOC and maintains a 25% contingency on estimated costs.

The financing plan will get the project to IOC. Although there are rough plans beyond IOC, there are too many unknowns to business plan further. The Initial Operating Capability is sufficient to meet the minimum high level requirements and operating capabilities that will allow CFSA to continue to exist and meet the needs of the defence community.

An evacuation plan of the Muroe Head property is provided that will allow CFSA to retain as much useful material as possible whilst reducing moving costs. The use of shipping containers is maximised as they provide useful capability after being used for transport.

The management of the project is expected to be a team effort between the CFSA transformation committees and Herold Engineering. This leverages the specific expertise of Herold Engineering, the specialised experience of the transformation committees and operational work parties of CFSA volunteers. This will allow CFSA to reduce costs, use volunteer labour and have professional oversight of the project.

Though CFSA did not choose to relocate, this plan represents the best chance for a club with a strong seventy-two year history of solvency and excellence to continue serving the defence community.

1. The Strategic Context

Background

The Canadian Forces Sailing Association (CFSA) is a volunteer self-help club operating that operates under the under the “Non Public Funds of the Canadian Armed Forces” as a Special Activity Group and as such is distinct from the “Public Funds” of Canada and the rules that govern them.

The sailing club was originally organized just after World War II in 1946/47 as the “Royal Canadian Naval Yacht Club (West Coast)”. In 1954 the growing club was relocated to its current location at Munro Head and renamed the Royal Canadian Naval Sailing Association. Moorage at the club began with all boats being on buoys anchored just off the clubhouse with a small wharf on the foreshore. Over the years the club’s wharfs have been constructed and added to by club volunteers to accommodate a growing membership. In 1968 the club was renamed the CFSA as a result of the Canadian Forces unification.

All activities at the club, including most of the maintenance of its facilities, is carried out by a core of dedicated volunteers. From CFSA’s humble beginnings in 1946, this community has been growing steadily and today the club has grown to over 400 members, the docks are home to approximately 115 privately owned sailboats with some space to accommodate reciprocals and commercial boats.

In April of 2017 the CFSA Esquimalt was ordered to vacate the Munroe Head site it has occupied for 63 years. The club was given five years to find, survey, build and move to a new location. The existing facility must be vacated by 1 April 2022.

In May of 2017, CFSA began a major planning process, following the presentation of a memorandum of understanding (MOU) between the Department of National Defence and Public Services and Procurement Canada for the transfer of Administrative Authority over the Munroe Head property upon which CFSA resides. The planning process undertaken by CFSA started with a visioning of what the club stands for, its values and mission, followed by a foundation survey of what it has and wants, if unfettered. These documents are excerpted below and attached as Annex A and B respectively.

1.1 Strategic Environment

Mission

CFSA's mission statement is to "provide training, recreational and competitive sailing opportunities for serving military members and their families" Where permitted by current regulations, CFSA is accessible to non-CAF and DND personnel. It also encourages all its members to participate in the planning, organisation and operation of these activities through their volunteer efforts.

Vision

We see The Canadian Forces Sailing Association as a vibrant community of passionate sailors dedicated to the enrichment of the Esquimalt Defence Community through the sharing of our collective passion for the sport and pastime of sailing.

Strategic vision

Moving the club forward we see increased opportunities to capitalise on a location in the West Shore where the greatest numbers of Defence Community members reside. As well, a significant portion of our current membership will see a move to the West Shore as an improved location. This new location will see our numbers increase and an intelligent design of the new club will see the opportunity to take advantage of changes in sailboat design and the realities of our market.

Organizational structure

CFSA conducts business as a compliant and supportive Special Interest Activity (SIA) within the PSP and the Canadian Morale and Welfare Services. This structure is our community and purpose, which provides support and advantages to our operations.

CFSA is governed by a constitution that is constantly updated and improved to meet the ongoing needs of the club.

In accordance with the SIA policy and refined in our constitution, CFSA membership is broken down into four main categories:

1. Regular (2 types)
 - a. Regular Serving - current members of the Canadian Armed Forces (CAF)
 - b. Regular - former members of the CAF)

2. Ordinary - Civilian members of the defence community
3. Associate - Civilians with ties to the club,

The combination of ordinary and associate membership shall not exceed 50% and there shall be no more than 20% associate members.

Service Objectives

The core method by which CFSA achieves its mission is by reducing the barriers to boat ownership and recreational sailing for serving members. The two greatest barriers to entry in the current recreational boat/yacht club market are long wait lists at low cost yacht clubs and high prices at commercial marinas or low waitlist clubs.

Objective 1: Ensure that wait time is not a barrier for serving members. Serving members are prioritised for moorage.

Objective 2: keep costs of boat ownership and club membership low so as not to become a barrier to serving members.

One of the fundamental principles of life at CFSA is an intergenerational understanding that underlies the volunteer spirit and membership structure. The priority given to serving members and low cost moorage is only sustainable through the voluntarism of retired members who benefited from the priority when they were serving. Maintaining the balance and commitment within the membership is a vital leadership responsibility.

Goals

Volunteer Maintenance: CFSA's market is a mid market DIY boating enthusiast and not the elite full service yachtsperson. Our goal is to build marine infrastructure with a 30 to 40-year lifespan that can be maintained for its life by volunteer labour.

Customer Focus: The average age of the vessels moored in the CFSA marina are between 25 and 40 years old. The new club should be able to cater to DIY boat owner who needs a degree of workshop and support to maintain an aging boat by themselves and with the support of a community of interested experts.

Build for Tomorrow: The club should be near full capacity with the types of boats being built today entering the marina during the lifespan of the new marina. This means the marina must take into account the wider beams and longer average length overall that makes up today's retail sailboat market.

Part of the Community: As a good member of the defence community, CFSA must cater to the needs of that community. This includes being able to provide

summer camps and training for families as well as low cost sailing options, such as dinghy sailing and boats for member use.

Current activities and services.

Club operations rely on a community of support and good will to run major activities such as:

- Club Cruising
- Club Racing
- Regional racing regattas
- A Junior Sailing Team
- A learn to sail training programme

These operations are enabled through services provided by the club for fees or as perquisites of membership. These services are:

- Moorage
- Race Management Team
- Coaching and Instruction
- A fleet of small boats and sailing vessels
- Maintenance facilities
- Haulouts
- A network of yacht clubs around the world with reciprocal agreements
- A clubhouse, galley and bar

Community, stakeholders and clients

CFSA fits within the yacht club and sailing community through its engagement within the wider boating community as a participating member in:

- BC Sailing
- Sail Canada
- The Council of BC Yacht Clubs
- The founding club of the Vancouver Island Racing Council
- The Vancouver Island Racing Series
- The Vancouver Island Dinghy Series
- The Canadian Recreational Yachting Association
- Marine Parks Forever

CFSA Operations support and enable the operations of other community groups, that are neither clients nor members of CFSA but benefit from our operation and are considered stakeholders in CFSA operations - they include:

- The surrounding cities and towns of Esquimalt, View Royal and Colwood
- The Disabled Sailing Association
- Soldier On
- CISM Sailing
- Royal Canadian Sea Cadet Corps Rainbow

These stakeholders are contrasted with the clients that are customers of the club:

- Ecole Victor Brodeur
- Naval Personnel and Training Group
- Sea Training (Pacific)

Membership:

The membership of the club is governed by the rules of the PSP Specialty Interest Activity policy, which defines the limits of the membership categories. Separate spousal membership for Ordinary members had existed prior to 2018, when it was removed. The club took it upon itself to further subdivide the Regular category into (simple) Regular and Regular-serving. The difference between these categories is that Regular members are retired members of the Canadian Armed Forces and their family members and Regular-serving are not retired.

The traditional make-up has been one of a strong plurality of regular members (averaging 43% of the total) supporting a strong group of serving members. Traditionally the Regular category has averaged 70% of the total membership.

Demand has been steady in averaging 373 members with a range of 332-427 for the past seven years. There are two significant years that need to be taken into account when analysing the demand for membership and later when looking at correlated demand for moorage. In FY 2018-19 there was a significant (15% on 2018) increase in both membership fees and in moorage rates. Then, in 2019-20 there was a considerable increase in the moorage rate and an overhaul of the membership pricing structure (moorage was brought to a 75% increase on 2018).

31 March	2013	2014	2015	2016	2017	2018	2019	2020	AVG
Regular Serving	114	105	90	74	97	123	111	97	101
Regular	142	156	175	171	175	183	159	143	160
Ordinary	15	21	16	17	23	28	26	29	22
Associate	41	53	57	57	68	73	57	61	56
Jr	8	5	8	3	2	8	17	15	8
Spouse		19	13	21	22	Remove d	n/a	n/a	19
Life	12	14	10	12	12	12	14	10	12
TOTAL	332	373	369	355	389	427	384	357	373

Business Need

CFSA is the marina of choice for members of the defence community and the Esquimalt area. It is a historic club with a fine racing pedigree and a reputation for well run regattas, events and programmes. There are often more boats than the marina can handle and numbers have remained stable over the past six year time period. Demand for CFSA's products and programmes is stable and growing.

Fundamental Need:

CFSA has a fundamental need to provide to serving members the ability to bring a boat to the Esquimalt area as part of a cost move/posting. This is achieved by giving serving members prioritised moorage. Historically the demand from serving members has been for 30-40 boats (100-115 members). This effectively circumvents the need to apply for moorage at other yacht clubs and wait for openings to take advantage of club-prices (discounted from commercial rates)

Functional Need

In order to maintain the club as a volunteer self-help club, a corps of retired members is needed to help maintain club infrastructure and operations. Without this group the marina would need to hire and pay maintenance staff increasing costs and the club would not be able to reduce the cost barrier to boat ownership for our fundamental demographic.

Retired members of the Armed Forces are equally Regular members of the club in accordance with SIA policies. Demand from this demographic is higher than the Regular Serving and in the 40-50boat range (150-180 members) . When combined with the retired members in the two remaining categories a balance of approximately two thirds retired members to one third working members has been sufficient to meet the functional need to have a sufficiently large volunteer force to maintain infrastructure and run operations during the work-days.

The Marina Market on Southern Vancouver Island

The boat moorage market is divided into two segments: yacht clubs and commercial marinas. The detailed market research is found in Annex E. Prices are typically expressed as per foot per month with many commercial rates giving discounts to customers willing to commit to a year or specific lengths of time. Club rates are generally lower than commercial operations, but have associated wait lists. CFSA moorage is consistent with market rates for Southern Vancouver Island and is higher than clubs further north.

Yacht Clubs

	Capital City YC	Sidney North Saanich YC	Cadboro Bay SA	Maple Bay YC	Nanaimo YC	Royal Victoria YC
Entrance fees	\$1600	Senior – \$675 Interm prorated by age Social - \$100 Corporate - \$1014 Affiliate -\$0 Junior -\$0	None	Reg -\$2000 prorated by age Social - \$1000 Junior - \$21 +\$250 moorage wait list	Age 40+ - \$2000 26-39 - \$1500 19-39 - \$1000 + \$2000 when getting moorage	Mem-\$3500 Affiliate- \$500 both prorated by age Junior - \$100
Annual dues	Active- \$420 Social - \$210	Senior - \$571.20 Int. prorated based on age Social – \$285.60 Corporate – \$875 Affiliate – \$272 Junior - \$136	Standard - \$80 Student - \$40	Prorated by age & cpl or sngl e.g. \$441 reg couple \$331 reg single \$331 soc couple \$220 soc single \$15 junior	Regular - \$345 Associate - \$345 Senior - \$69 Junior \$69 + \$100 special assessment	Member -\$1059 Affiliate - \$794 both prorated by age Senior - \$530 Senior NV – \$265 Junior - \$180 Non-res - \$353
Moorage rates	\$2/ft 210 slips	Members get 5% off North Saanich Marina rates	\$55/yr in racks (max 24) \$65/yr on ground (max 34)	\$4.50/ft open \$6.50/ft boathouse 200 slips	\$3.21/ft open \$5.46/ft covered 355 slips	\$5.29/ft for 17 ft, to \$10.52/ft for 58 ft CB – 256 slips TH – 63 slips & 22 privately owned boathouses
Moorage Wait list	10-20 Years	n/a	n/a	2-3 Years	2-3 Year	2-4 Years

Commercial Marinas

	GVHA	Oak Bay Marina	Westport	Sidney North Saanich Marina	Pedder Bay Marina	Port of Sidney
Rates	Under 30' – \$12.97 per month 30'-45' –	Monthly (Less than 29'): \$14.90 per foot Monthly (30' – 39'): \$15.90 per	Annual \$7.70 – \$12.86 Monthly \$9.7 –	Monthly Moorage 20' – 25' : \$10.60 per foot 26' – 27' : \$11.90 per foot	Monthly Moorage: 29' and Under: \$8.25 / foot / month	Annual Monthly 30 - \$13.50/ft/month 34 - \$14.00/ft/month

	\$13.82 per foot	foot / per month Monthly (Over 40'): \$16.95 per foot / per month 25' & Under: \$10.45 per foot / per month Annual 26' – 29' : \$10.75 per foot / per month Annual 30' – 39' : \$11.00 per foot / per month Annual 40' – 49' : \$11.60 per foot / per month	\$15.53	28' : \$12.95 per foot 29' – 31' : \$13.50 per foot 32' – 34' : \$15.00 per foot 35' – 39' : \$15.50 per foot 40' – 49' : \$16.95 per foot Annual Moorage Rates 20' – 24' : \$8.60 per foot 25' – 29' : \$9.95 per foot 30' – 35' : \$11.75 per foot 36' – 39' : \$12.50 per foot 40' – 44' : \$12.95 per foot 45' – 49' : \$13.50 per foot	30' and Over: \$9.00 / foot / month Annual Moorage: 29' and Under: \$6.00 / foot / month 30' and Over: \$6.70 / foot / month for vessels over 32'	36 - \$14.00/ft/month 40 - \$15.55/ft/month 44 - \$16.74/ft/month 50 - \$17.77/ft/month 55 - \$17.75/ft/month
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Drivers for Change

External Driver

The pressing need to move from the current location as mandated by the MOU drives the move agenda. The Esquimalt Graving Dock is planning site remediation and construction activity in the CFSA land and water lots after the expiration of the 1 Apr 2022 deadline.

Internal Driver:

The state of current infrastructure at CFSA necessitates an investment in the docks, and coupled with the changing designs of boats with increased beams and longer lengths overall there are opportunities in a recapitalisation to set the club for future success by building the marine infrastructure to meet the needs of the future. If the current infrastructure would be maintained as is, the functional moorage would reduce as the beams of boats increase and it would become increasingly difficult to moore two boats between two fingers.

Demographic Driver:

Increasingly the club's fundamental demographic is moving in ever greater numbers to the West Shore communities of View Royal, Colwood, Langford and Metchosin. Likewise the demographic that is attracted to a DIY sailing club is also moving to the West Shore communities.

1.2 Strategic Fit

Location: CFSA needs a new location in order to survive, but that location must be near to its *raison d'être* of the club - CFB Esquimalt. Without proximity to the base, programming, visibility to our prime source of membership all suffer. A move to the Westshore area supports families and members of the Defence Community who are in moving to that area and already living there. Though options may exist in the Sidney area, closer to cruising grounds, they take us out of the core location of the Defence Community. The proposed new location is in the West Shore and in Esquimalt Harbour.

Low Cost Option: A new location must be a low cost build in order to the specific mix of membership that is needed to support a volunteer based club. Design elements that make costs increase need to be avoided (large breakwaters, contaminated sites). As costs escalate, prices need to be increased and increased services are demanded by members further escalating prices, which quickly become barriers to those trying to enter the boating market. The location does not require a breakwater and is not in a contaminated site.

Programming: A new location must keep programming in mind and have protected and accessible locations that will permit viable junior and learn to sail programming as well as winds that will permit club racing and regatta hosting throughout the spectrum of competition that CFSA has hosted. This is top of mind when considering the needs of DSA. The proposed location is set back in the most protected part of the harbour and with the least traffic and provides easy access to proven and world class wind.

1.3 Detailed Description of the Business Need

1.3.1 Problem/Opportunity Statement

CFSA must find a new location and establish a location for moorage prior to 1 April 2022 or shutdown. The opportunity exists to establish a new marina and club venue North of Smart and McCarthy Islands in Esquimalt Harbour

1.3.2 Prioritized High Level Requirements (HLRs)

The following High Level requirements are needed to meet the fundamental and functional needs over time from the initial operating concept to final operating concept.

1. Moorage
2. Minimal Foreshore Infrastructure
3. Programming:
 - a. Learn to Sail/Junior Race Team
 - b. Keelboat Racing
 - c. Disabled Sailing
4. Clubhouse and grounds
5. Full Foreshore infrastructure

1.3.3 Assumptions

#	<i>It is assumed that</i>	<i>Effect on Investment/Plan</i>	<i>Reliability</i>
1	There is no flexibility in our move-out date, and we must be gone prior to 1 Apr 2022	Hard deadline of 1 Apr 2022	<i>High</i>
2	Any and all property left in place as of 1 Apr 2022 becomes the responsibility of PSPC, this includes all property left on the land and water lots	Little planning for the disposal of items of no residual value	<i>High</i>
3	CFSA has no responsibility for contamination	No planning for cleanup	<i>High</i>
4	Work that can be awarded from within the scope of the project can be apportioned as economic incentive in consultations.	Economic incentives not budgeted	<i>Medium</i>

5	Environmental approvals can be achieved within reasonable timelines (Prior to 1 Apr 2020)	Permits reasonable phasing of construction and investment	<i>Medium</i>
6	CFCF financing approvals can be achieved prior to 1 Apr 2020	Initial investments can be made with financed capital	<i>High</i>
7	Base fund is unwilling to support any further than an initial grant to support the use of a consultant.	Base fund financing not included in financial estimates	<i>High</i>
8	The Base Fund is sufficiently healthy to support the CFSA application for a CFCF loan as security.	Without a healthy base fund CFSA would have more difficulty qualifying for the loan.	<i>High</i>
9.	CFCF Loan terms will remain as they are presently and rate cannot be reduced (4% rate for 20 years)	Cash flow and plan impacted by any change	<i>High</i>
10	Interest will begin 1 April 2020, based on the 80% completion or move in provision of the standard CFCF terms	Interest would be charged earlier with effects on cash flow	<i>High</i>
11	Planned degradation of existing infrastructure can continue until 1 Apr 2022	Maintenance costs of existing infrastructure can remain low	<i>Medium</i>
12	DSA Fundraised elements of the plan are not essential or showstoppers to the successful execution of any plan	Plan can go ahead with or without DSA fundraising	<i>High</i>
13	There will be no cash flow due to sponsorship	Any sponsorship revenues is a positive impact of cash flow	<i>Low</i>

1.3.4 Constraints

External Constraints:

	<i>Category</i>	<i>Constraint</i>
1	Hard deadline	Evacuation of existing site by 1 Apr 2022
2	Permitting	Must meet Department of Fisheries standards
3	Permitting	Must be permitted by Navigable Waters act standards (Transport Canada)
4	Restraint	Must not explore sponsorship fundraising until go-ahead given by CFMWS HQ
5	Constraint	Must be fully compliant with SIA policies

Internal Constraints:

	<i>Category</i>	<i>Constraint</i>
1	Internal Political	Further cost increases are not palatable by current membership until after IOC
2	Morale	Action on the ground and approvals must be seen to have occurred by the membership by 1 Apr 2020
3	Soft Deadline	Permitting and approvals must be in place to begin construction in early 2020.
4	Restraint	Construction must use fisheries windows to achieve cost savings
5	Restraint	Solutions must not involve blasting or dredging to achieve low cost solutions

1.3.5 Dependencies

The following elements of the Business Case are dependent upon

	<i>Element</i>	<i>Is Dependent Upon</i>	<i>For the following</i>
1	Compliance with APS 110	Real Property Operations	Continued provision of utilities in accordance with the terms of the reference
2	Compliance with APS 110	Real Property Operations	Continued payment of PILT in accordance with the terms of the reference
3	First Nations Consultation	Base Commander's Office and Formation Safety and Environment	The successful accomplishment of any mandated consultation
4	Community Communications	Base Commander's Office and Formation Safety and Environment	The successful accomplishment of any required communications with community stakeholders
	Continued relationship with DSA	Base Commander's Office and Real Property Operations	The execution of a non-military use of property agreement to permit the ongoing relationship
5	Dinghy Dock	Disabled Sailing Association	Successful fundraising for the dinghy dock and associated elements

1.4 Scope

1.4.1 Boundaries

<i>Boundary</i>	<i>Included</i>	<i>Excluded</i>
1. IOC	-Elements of IOC -25% Contingency Funding	
2. FOC	-Elements of FOC that can be procured with unspent	-Remaining FOC Items

	Contingency	
3. Disposal	-Removal of valuable equipment for the purpose of re-use	-Disposal of unwanted infrastructure -Remediation of land and water lot

1.4.2 Stakeholder Analysis

A full stakeholder analysis was conducted by the CFSA TWG. Many of the key base stakeholders were standing members of the CFSA TWG. The following is a summary of the main stakeholders:

Base Stakeholders:

CFSA TWG:

The TWG began meeting in February 2019, meeting regularly. Its mandate is to examine and validate the new design, conduct stakeholder and risk analyses, examine CFSA business fundamentals and report to the BComd. The following base agencies took part:

- Base Administration Officer (Co-Chair)
- CFSA Commodore (Co-Chair)
- Personnel Support Program (PSP)
- Real Property Operations
- Queen's Harbour Master / Port Operations and Emergency Services Branch (QHM/POESB)
- Formation Safety and Environment (FSE)
- NPF Accounting
- Assistant Judge Advocate General (AJAG)
- Base Comptroller
- Naval Fleet School Pacific

Real Property Operations

Responsible for the overall management and planning for the CFB Esquimalt real-property footprint. Will be responsible for:

1. The allocation of real estate

2. Certain public support elements (PILT and a proportion of Utilities)
3. Is the Authority Having Jurisdiction for the approval of structural plans and utility connections.

RP Ops has been involved in the process from the beginning and was engaged early on in the search for available property, in the COA analysis and decision to settle on the Smart and McCarthy Island option. Herold Engineering has liaised with the review authorities when questions of code and standard have been posed.

Formation Safety and Environment

1. Responsible to ensure that national and formation safety and environmental policies are adhered to.
2. Required to review and scrutinise all submissions to the Department of Fisheries and Oceans.
3. Authority Having Jurisdiction for the review of all environmental impact assessments in the upland domain,
4. Lead agency for the planning and execution of First Nations Consultations
5. Lead agency for the planning and execution of community consultations.
6. Responsible agency for the planning of the emergency response to any propane incident.

FSE has been engaged since the commencement of the search and analysis of property options. They have reviewed the Department of Fisheries and Oceans request for review. EDI, the environmental sub-consultant engaged for the preparation of submissions has been working with and responding to concerns of FSE.

Queen's Harbour Master

1. Has jurisdiction over the Water Lot.
2. Has oversight over submissions to Transport Canada

QHM has been engaged since the commencement of the search for water lot and locations. Their concerns and activity have factored in greatly to the choice of the Smart and McCarthy Island solution.

Base Operations

1. Responsible for the security plan at the Colwood site
2. Responsible for all on base parking

Personnel Support Program

Base Administration

PSP and CFSA fall within the chain of command of the Base Administration Officer. Base Admin is responsible to the Base Commander for the control, administration and operation of the club. The Safety and Environment committee of the base oversees the CFSA safety committee.

Fleet Diving Unit

Closest neighbouring unit in the marine domain with a major jetty to the South and has underwater training areas off of McCarthy Island in the vicinity of the old degaussing range. The unit has been engaged and is kept up to date on plans and developments.

Naval Fleet School Pacific

Naval Fleet School Pacific is the largest public user of CFSA. The RCN Sail Training Programme has leveraged the racing, haulout and reciprocal facilities at CFSA. As well, in accordance with the international Racing Rules of Sailing, all vessels must be affiliated with a sailing club registered with a national authority. CFSA is the club the RCN sailing vessels are registered with.

Community Stakeholders

The following list of community stakeholders should be engaged as part of the Base's ongoing consultation process, or individual with the specific consent of the Base Commander. Some stakeholders, such as the Township of Esquimalt, have ongoing relationships with CFSA and have been engaged regularly as part of those relationships.

Esquimalt First Nation

Songhees First Nation

City of Colwood

City of View Royal

Township of Esquimalt

2. Options Analysis

The analysis of options and requirements was conducted by the CFSA transformation committee, Real Property Operations, and PSP in 2017. The process involved accounting for what exists on the property and extrapolating what would be required to meet future growth and ideal circumstances. Annex B “Initial Land and Water Lot Considerations” is the result of that analysis. Following that analysis, the committee began a process of identifying all possible options including private lands, marina partnerships, yacht club partnerships and options on the base. These options were then shortlisted based on feasibility, analysed, and compared. The CFSA membership were consulted on numerous occasions as the process progressed, before a COA analysis was given to the Base Commander. Two options were recommended: Yew Point, and Smart and McCarthy Islands. The latter was clearly more feasible and BComd concurrence was given to move directly to develop the Smart and McCarthy Course of Action exclusively. The analysis work is covered in detail in Annex C.

2.1 Preliminary Options

This process started with a determination of requirements to continue as a viable special interest activity (SIA). A local search was then conducted to identify sites and potential partnerships which could satisfy the requirement. Initially 12 Courses of Action (COA) were identified, of which 6 met a cursory viability test. The six remaining were then subjected to a more detailed suitability test, followed by an examination of risk factors for each. The six COA were subsequently ranked on a measure of normalized suitability minus risk (See chart below).

2.1.1 The Long List

The following locations were considered:

1. Canoe Cove Marina - Partnership
2. Oak Bay Marine Group (Multiple properties) - Partnership
3. Deep Cove Marina Purchase
4. Greater Victoria Harbour Authority (Multiple properties) - Partnership
5. Royal Bay Development - Partnership
6. Partnering with other Yacht Clubs (RVicYC & Capital City YC)
7. Smart & McCarthy Island - Esquimalt Harbour (Colwood side)
8. Yew Point - Esquimalt Harbour (Colwood side)
9. Plumper Bay - Partnership
10. Thetis Cove - Partnership

11. Rose Bay - Partnership
12. Albert Head

2.1.2 Discarded Options

After an initial assessment, the following locations were considered unsuitable or not viable and were discarded:

1. Canoe Cove – Discussions with senior management were fruitful, but the timelines for the partnering options were too long and contingent on too many unknowns and would ultimately leave CFSA in a position where it would no longer be in control of the membership structure and moorage, which would be at market rate.
2. Deep Cove Property – A 5-acre property on the commercial market was investigated and had potential to provide a suitable club property. The price of property was considered too great and zoning uncertain. Water lot not of sufficient depth and size
3. Partnering with Oak Bay Marine Group – Partnership was encouraged by many contacts, but it became clear that the Oak Bay Marine Group was not motivated or interested in partnering with any more sailing clubs.
4. Greater Victoria Harbour Authority – Partner was not motivated or interested in a structured partnership.
5. Royal Bay development – Despite rumours, the developer had no interest in building a marina when approached directly.
6. Partnering with other Yacht Clubs – Other Yacht clubs unwilling to prioritise serving members.

2.1.3 Short List of Six Possible Sites for Detailed evaluation

Elimination of the above six sites left 6 remaining sites for more detailed examination. They were:

1. Smart & McCarthy Island - Esquimalt Harbour (Colwood side)
2. Yew Point - Esquimalt Harbour (Colwood side)
3. Plumper Bay P3
4. Thetis Cove P3
5. Rose Bay
6. Albert Head

2.2 Evaluation Process

Each of the six sites were evaluated against the table of requirements (See Annex C and its Appendix) This table identifies the necessary macro components which must be secured in a new location in order for CFSA to continue as a viable Specialty Interest Activity. Each requirement identified was assigned a significance descriptor as follows:

- a. Vital - means CFSA could not continue as a specialty activity or club without this requirement met;
- b. Important - the absence of this component would seriously degrade CFSA's viability as a special activity or club, and/or would greatly reduce its standing as a resource to the wider community, and
- c. Desirable - self-explanatory.

In order for a new location to be suitable, It must meet all vital, and a sufficient number of important criteria, where sufficient means that to a low level of risk, enough important criteria are met to ensure financial viability of the Special Interest Activity; In addition, the capital cost of the move and establishment of new facilities must be within the means of CFSA. A suitable plan may adopt a long term phased schedule, from initial operational capability (IOC) to full operational capability (FOC), but the full costing must be estimated and achievable with a stated measure of risk. Finally, the overall risk of failure must be considered and accepted.

The possible options were fully analysed for suitability, using 30 criteria and a weighting from 1 to 5.

Each of the sites were then assigned estimated gross and residual risk in five factors as described below.

Permissions	Risk of not achieving necessary permissions to proceed with selected COA
Timeline	Risk that Initial Operational Capability cannot be achieved by 1 Apr 2022
Financial Risk	Risk that Selected COA will exceed CFSA ability to finance
Arising	Risk that unforeseen complications preclude IOC or exclude the COA
Other	Risk that complications specific to the selected COA prevent IOC or exclude the COA

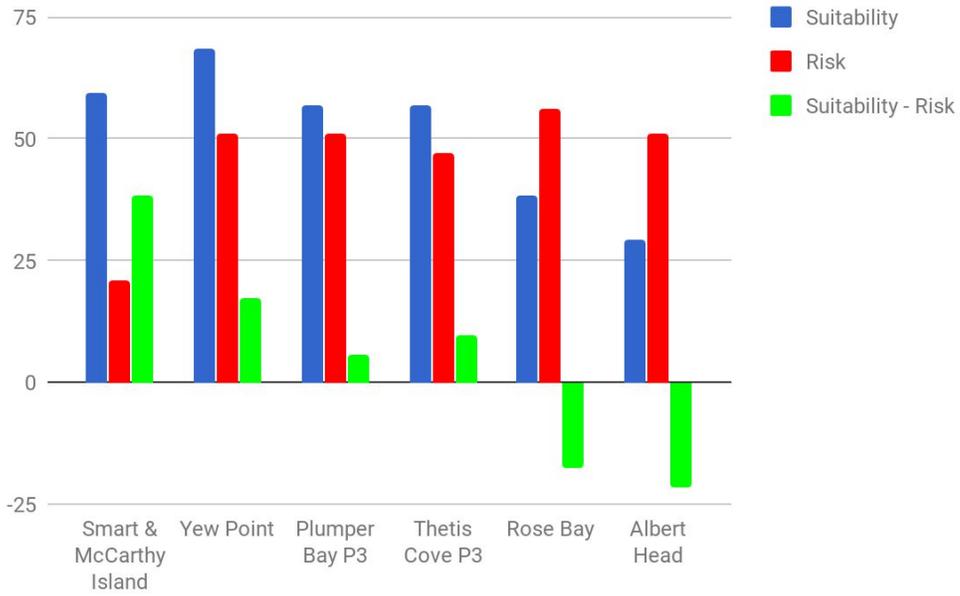
For each item, suitability and risk were scored and normalised out of 100. The risk value was then subtracted from the suitability score giving a final valuation.

Results

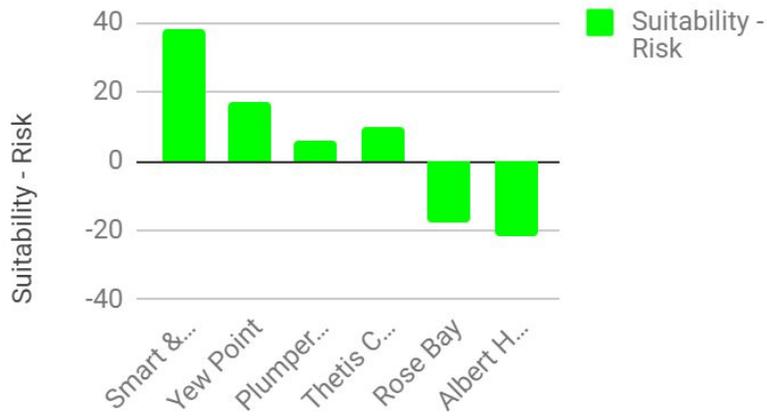
Although the Yew Point option was considered to be the most suitable option it also carried a significantly higher risk that detracted from its suitability for the purposes of CFSA. Most significant was the financial risk to the project that a full breakwater represents.

Smart and McCarthy Islands represents an achievable project that meets all vital criteria and sufficient important criteria, while minimizing risk.

	Suitability	Risk	Suitability - Risk
Smart & McCarthy Island	59	21	38
Yew Point	68	51	17
Plumper Bay P3	57	51	6
Thetis Cove P3	57	47	10
Rose Bay	38	56	-18
Albert Head	29	51	-22



Suitability - Risk



3 Smart and McCarthy Island

The Smart and McCarthy Island course of action has been designed and planned using the club's Prioritised High Level Requirements:

1. Moorage
2. Minimal Foreshore Infrastructure
3. Programming:
 - a. Learn to Sail/Junior Race Team
 - b. Keelboat Racing
 - c. Disabled Sailing
4. Clubhouse and grounds
5. Full Foreshore infrastructure

These priorities have created a plan with an Initial Operating Capability, future on-ramps based on growth and a Final Operating Capability, that is minimally sufficient to meet long term needs.

3.1 Alignment

3.1.1 Strategic Alignment

The Smart and McCarthy Island option capitalises on the demographic shift of the base population to the West Shore communities of Colwood and Langford. Moreover, it moves the club further away from our main club competitor - the Royal Victoria Yacht Club. Though it is closer to the Pedder Bay Marina, our closest commercial competitor, club membership and the community associated with clubs counts for something in the calculus of demand. Throughout the process of raising rates between 2017 and 2019, only one boat was lost to Pedder Bay. The establishment of a sailing club in the West Shore a significant improvement to CFSA's long term prospects in providing services to its main demographic.

3.1.2 Alignment with Desired Business Outcomes

The chosen COA aligns with the functional service objectives:

Objective 1: *Ensure that wait time is not a barrier for serving members. Serving members are prioritised for moorage*

The prioritisation of serving members is achieved within the organisational structure of the club and its constitution. However, functionally it is achieved by keeping enough moorage to ensure that intergenerationally there are enough retired members with boats mooring at the club to ensure volunteer labour is

reliable. The new design has a modest increase in available moorage with further increases planned to ensure that priority given to regular and serving members does not displace any boats that would otherwise be permitted within the constraints of the SIA policy. This ensures that there is always a slip available for serving members and ensures that the constitutional mechanism for ensuring that priority (ejecting a non-serving boat) never has to be exercised.

Objective 2: keep costs of boat ownership and club membership low so as not to become a barrier to serving members.

Low cost moorage is achieved, in the long term, by volunteer labour and foreshore infrastructure that achieves self-help club maintenance goals and DIY boat maintenance for members. The volunteer aspect is tied to ensure the balance across membership categories. In the short term it is achieved with the IOC/FOC concept and medium-term on-ramp plan that ensures moorage rates do not escalate outside of the level that can be sustained within our portion of the local moorage market. We are confident in our pricing plan as the club has undergone a series of moorage rate increases including a 75% increase in the two years from FY 2017/19 and to 2019/20. That increase saw an appreciable drop in moorage at the beginning of FY 2019/20 when the majority of the increase took place, however, as the club moved to take advantage of missed opportunities in the longer boat market, combined with an increased presence and leadership within the sailing community, any loss in moorage was recovered by August 2019 and the club continues to operate at or near capacity with the increased rates.

3.2 Engineering Study

on July 4 2018, the crown, through CFSA, entered into contract with Herold Engineering limited for the conduct of a feasibility study and subsequent design and cost estimates. The Statement of Work contained the following broad instruction in three phases:

Phase 1 - Feasibility and Rough Costing assessment

This part of the project evaluated the site identified by CFSA to confirm the costs/issues associated with the project. It proposed a suitable waterlot and land lot layout, estimated costs to within 30%, and provided initial recommendations with respect to which desirable elements may be affordable within the assigned budget. It was also intended to validate a standardized finger design that the CFSA volunteer workforce could start producing.

Phase 2 - Permitting

Upon approval of the feasibility study by CFSA Executive, the water and land lot layout were prepared to a level sufficient for submission of the environmental

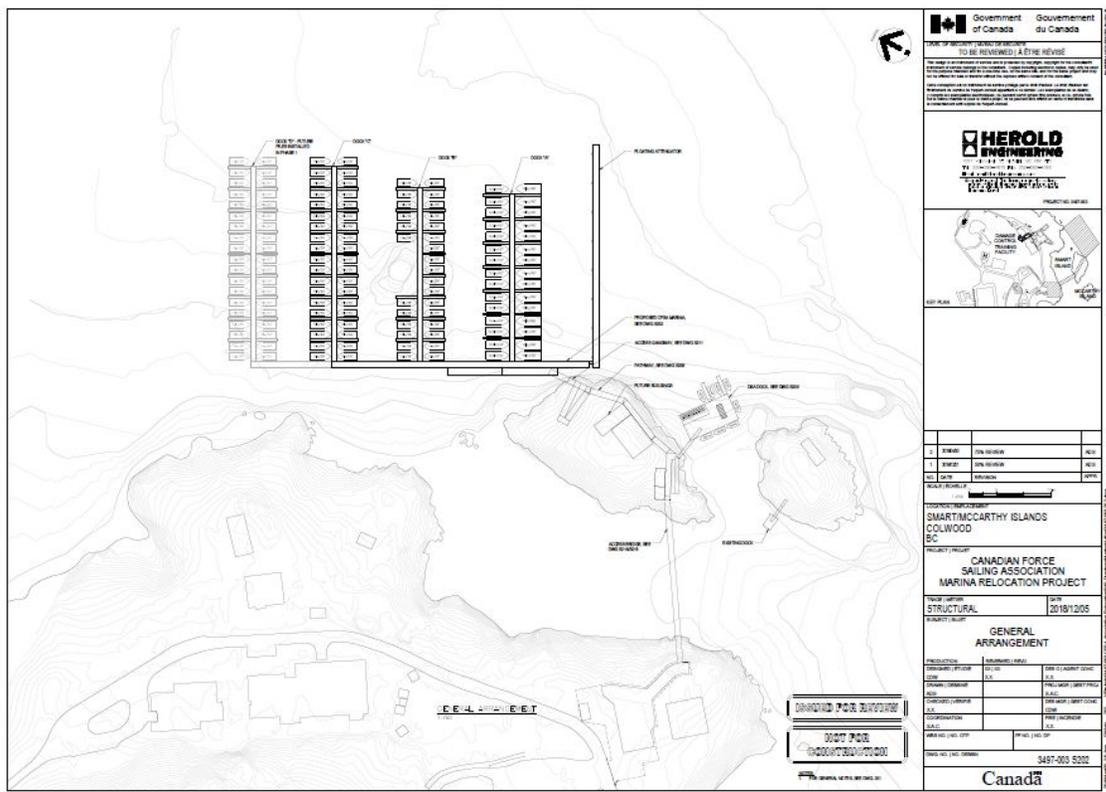
impact assessment, Transport Canada permitting process, and as required Archaeological impact assessment.

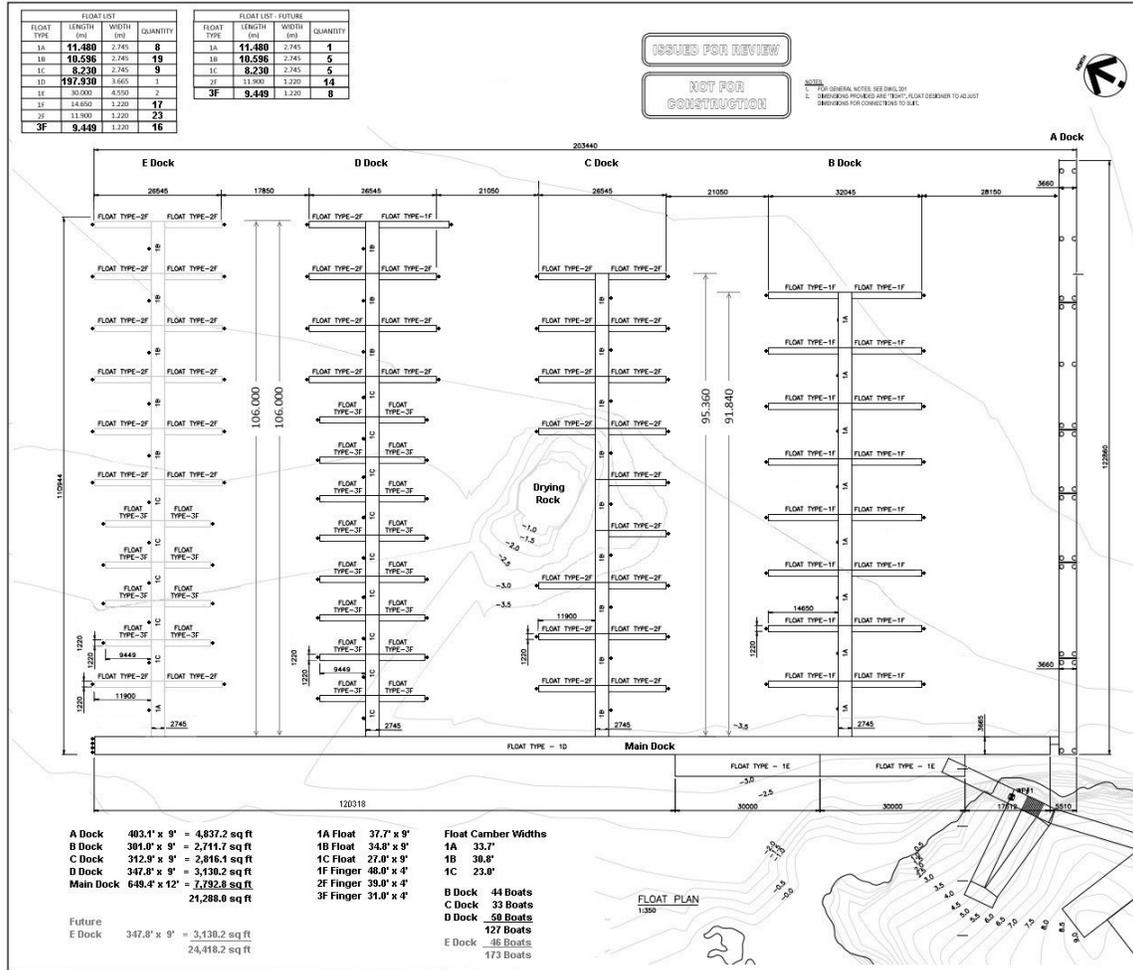
Phase 3 - Detailed Design and Costing

The project was to draw up detailed plans, costs estimates, schedule and risk mitigation strategies to plan, construct and effect the move to the new location.

Herold Proposed Design

In brief, the Herold design consists of foreshore (Parking, Clubhouse) on the mainland Vancouver Island, a bridge to Smart Island for pedestrian and ‘gator’ traffic, a walkway and ancillary buildings on Smart Island, and the marina slips north and east of Smart Island. The Disabled Sailing floats will be tucked in between Smart and McCarthy Islands.





Initial Operating Capability (IOC)

Initial Operating Capability will be achieved by 1 April 2022. It provides all the necessary infrastructure to conduct CFSA core activities and to generate revenue the revenue on which the business case is modelled. It will include the following Components:

- a. Marina: 127 Paying Slips with a total of Linear 4400 feet. This is sufficient to berth all existing boats at CFSA;
- b. Infrastructure:
 - i. Gravel Parking Lot
 - ii. Bridge and gator access
 - iii. Domestic Water to docks
 - iv. Electrical to all boats
 - v. Interim Clubhouse using re-purposing of existing CFSA Classroom relocated to new site.
 - vi. Sewer to Clubhouse

CFSA's co-location with the Disabled Sailing Association (DSA) has been valuable, productive and mutually advantageous. It is the intent of the CFSA membership to continue that relationship. DSA has agreed to fundraise and build the following infrastructure for their operations:

- a. A Dinghy dock located between Smart and McCarthy Islands ;
- b. Accessible gangway to same;
- c. Disabled accessible Washrooms on Smart Island
- d. A DSA office on Smart Island

These components will be funded exclusively by DSA and do not form part of the loan request submitted here by CFSA. Further, while the participation of DSA is welcome and desired, the CFSA revenue generation plan is not contingent on the success of the DSA project.

Final Operating Capability (FOC)

The Final Operating Capability will be achieved by stages as a function of income, and any savings realized in contingency costs during construction. As money becomes available each component below will be executed as a series of on-ramps. FOC, which may take as much as 20 years or more to realize, will include the following Components:

- a. Moorage: construction of E dock, yielding and an additional 46 Paying Slips for a total of 173, with 6100 Linear total.
- b. Infrastructure:
 - i. Paved parking Lot
 - ii. Mast Crane
 - iii. Boat Elevator
 - iv. Pumpout
 - v. Full foreshore infrastructure

3.3 Costs

Detailed Cost estimates are provided at Annex E. With few exceptions, all costs listed there are estimated by Herold Engineering or its subcontractors, including the estimates provided for self built (CFSA Volunteer) work. The exceptions, which were estimated by CFSA personnel are:

- a. The cost for the relocation and improvement of the CFSA Classroom to serve as an interim (IOC) Clubhouse;
- b. The workshop, mast crane and Haulout facility, which are all Final Operating Capability (FOC) items and do not form part of the loan request.

3.4 Interim Operating Capability

Initial Operating Capability (IOC) will be achieved by 1 April 2022. It provides all the necessary infrastructure to conduct CFSA core activities and to generate revenue the revenue on which the business case is modelled. It will include the following Components:

- c. Marina: 127 Paying Slips with a total of Linear 4100 feet. This is sufficient to berth all existing boats at CFSA;
- d. Infrastructure:
 - i. Gravel Parking Lot
 - ii. Bridge and gator access
 - iii. Domestic Water to docks
 - iv. Electrical to all boats
 - v. Interim Clubhouse using re-purposing of existing CFSA Classroom relocated to new site.
 - vi. Sewer to Clubhouse

CFSA will be able to conduct all on-water programming (Learn to Sail, and Disabled Sailing will be conducted from A Dock)

IOC Cost	\$3,172,863
Contingency	\$767,716
Total	\$3,940,579

3.5 Final Operating Capability (FOC)

The Final Operating Capability will be achieved by stages as a function of income, and any savings realized in contingency costs during construction. As money becomes available each component below will be executed as a series of on-ramps. FOC, which may take as much as 20 years or more to realize, will include the following Components:

- c. Moorage: construction of E dock, yielding and an additional 46 Paying Slips for a total of 173 and 6100 Linear total.
- d. Infrastructure:
 - i. Paved parking Lot
 - ii. Dedicated dock for LTS and DSA boats with office and classroom (DSA Funded - not included in CFSA Business plan)
 - iii. Mast Crane

- iv. Boat Elevator
- v. Pumpout
- vi. Full foreshore infrastructure

FOC Additional Costs

\$547,198.00

3.6 IOC Implementation

CFSA has a long track record of managing complex projects throughout its seventy year history. The intent is to turn over the implementation of the project to the planning committees and Herold Engineering. Once the various sub-projects have been set to work the operation and maintenance will then be turned over for operations to the appropriate functional division of the Executive committee. Once IOC is achieved the transformation committee structure will stand down and the attainment of FOC will be turned over to the executive committee.

The general concept for implementation is for a combination of tendered and volunteer (club membership) construction effort. While clearly a god deal of this work is best contracte, the multitude of skills resident in the club membership together with the healthy membership of retired regular members means that there is considerable capacity to leverage here.

Contracted work

The following components will be constructed through tender:

- Upland site preparation and parking lot;
- Bridge to Smart Island
- Pilings,
- Main Dock
- Subsidiary docks (A through E)
- Electrical
- Plumbing

Volunteer Work

The following components will be constructed according to design and material specifications provided as required by Herold Engineering. Where appropriate

Herold has estimated material costs which are included together with 25% contingency in the overall cost estimates.

- Construction of fingers
- Construction of Smart Island Walkway
- Relocation of CFSA Classroom and improvements to act as IOC Clubhouse
- Relocation of equipment and ancillary buildings (race equipment storage, dinghy racks etc)

3.6.1 Phasing

Phase	Phase Title	Endstate	Start Date	Finish Date
Phase 0	Design Development	1. Design elements are ready for Tender	1-Jun-18	1-Apr-20
		2. Environmental Approvals in Place		
		3. DND Financing Approved		
		4. DND Authority to Proceed in place		
Phase 1	Foundations	1. Pilings and Moorings in Place	1-Apr-20	1-Dec-20
		2. Bridge Foundations and Gangway abutments in place		
		3. A Dock in place		
Phase 2	Beachhead	1. Slips in Place	1-Dec-20	1-Jun-21
		2. Upland Site Prep Complete		
		4. Bridge In place		
		5. Temporary Foreshore, DSA Office, Workshops established upland.		
Phase 3	Evacuation	1. All Boats berthed	1-Jun-21	1-Apr-22
		2. Removal Activity complete.		
		3. Smart Island Walkway Complete.		
		4. Club House Initial Operating Capability Established		
		5. Water and Electrical Sevices Established to Slips.		
Phase 4	Amenities	1. Upland Site Finishing Complete	1-Jun-22	1-Apr-40
		2. Workshops on Smat Island Complete		
		3. DSA offices and Washplaces established Smart island		

Phase 1 Foundations

Phase 1, consisting of the consists of the placement of Pilings, Bridge Foundations and A Dock, will set the stage for later phases. The pilings and

bridge foundations are intended for tender to a common contractor, with a pile driving window of the fall of 2020.

A dock, which consists of docks currently owned by CFSA, will provide a working platform for later installations.

The key risk elements to Phase 1 are timeline and the potential for arisings in the driving of pilings.

The timeline is important due to environmental regulations for the driving of pilings - essentially the pilings may only be driven in the autumn or low productivity period. If the Fall 2020 window is missed this could defer this work until the fall of 2021. Although not ideal, the loss of this window would not prevent meeting the April 2022 evacuation deadline.

The driving of the pilings is also the most likely of all specific items to produce cost arisings. This is because there is the potential that the silt overburden may not be deep enough to provide for piling stability in some locations, necessitating drilling. In discussion with Herold Engineering, who recently drove pilings at the adjacent Fleet Diving Unit, the risk of this is low but not negligible (no drilling was required at the FDU site). It is possible that some 20% of pilings may require drilling. The mitigation for this arising is in the 50K contingency which is assigned to this effort. Although unlikely, were that amount to be exceeded, a further 40K savings can be realized by forgoing the driving of Pilings for the FOC dock (E Dock)

Phase 2: Beachhead

Phase 2 work will overlap Phase 1. From CER approval work will commence at CFSA on the construction of fingers for the marina. These will be constructed to match the Main Dock and Subsidiary (B,C,D) Dock designs. The docks themselves will be put to tender through request for proposal (RfP). The Bridge will be put out to tender during the initial tendering of contracts.

The key risk element to Phase 2 is in timeline - the limit being the capacity for contractors to construct the docks in a timely fashion, and the capacity of CFSA volunteers to build fingers in a timely fashion. The risk to the former will be mitigated by an early submission of RfP and the provision of a wide window for the construction of docks. If the docks are built earlier than needed C FSA will have ample means to store them. CFSA intends to submit the RfP for the docks early in 2021.

The construction of fingers at CFSA is assessed as a low risk. CFSA has considerable experience in building fingers -have done so for all docks currently

in use at CFSA. Were there to be unforeseen delays in finger construction this can be mitigated by rafting 50% of boats at CFSA.

Phase 3 Evacuation

During this phase electrical, and water will be installed by contract. The CFSA Classroom will be moved to take up its new role as a clubhouse and the Smart Island walkway will be built by CFSA volunteers.

The highest risk in Phase 3 is cost over-runs in electrical installation, although electrical costs have been closely itemized by Herold. Electrical is the single biggest cost element of the project at \$982,956.00. The 25% project contingency fund assigned to this element (\$245,739.00) is a healthy risk mitigation.

Phase 4 Amenities

Phase 4 is all items post IOC - and so the costs, although they have been estimated, do not form part of the loan request.

The risk to these elements is considered as low, for the simple reason that none of these items are essential to revenue generation at CFSA. The executive will make sequential decision to implement amenities through annual AGM motions as the loan is paid off and/or anticipated cash flow is realized. While projected cash flow is such that the amenities listed in phase four may begin being actioned within several years of IOC, it is entirely possible and acceptable that they will take more than 20 years to realize.

3.6.2 Contracting and Procurement

Provide information concerning the procurement vehicle, and precisely how it Identify the core work streams and associated milestones.will be utilized.

3.6.3 Impact

Impacts to the day to day operations of the club are inevitable and the

Phase 1:

Phase 2:

Phase 3:

Phase 4:

3.6.4 Capacity

Describe the sponsoring organization's capability to successfully manage the investment. If available, a useful starting point for analyzing each option is the organization's Treasury Board-approved Organizational Project Management Capacity class.

See example table in the Business Case Guide.

3.7 Risk

The risk of each site was evaluated prior to the selection and commission of feasibility study by Herold Engineering. These risk evaluations were necessarily macro in view point as they preceded the fulsome engineering examination of the selected site. The full options analysis risk assessment can be seen in Annex C to this business case.

The Transition Working Group conducted a risk analysis from a base perspective, which has been included as Annex XX to this business case.

3.7.3 Detailed Risk Analysis

Item	Consequence	Probability	Mitigation
Permissions Risk			
Project Approval	Veto		
DFO Approval			FSE involvement in application and early RFR procedure. This is a complex procedure with
TC Approval	Design changes	Low	QHM involvement in application, Will occur once final design is approved and submitted.
FN Approval	Veto	MED if DFO authorisation is required LOW if DFO authorisation not required	Early and forthright negotiations with FN elders and council. FN tendering and procurement strategies can be employed. FN economic opportunities have been identified in the work package breakdown.
Timeline Risk			
Pile Driving Windows - Autumn	Year delay in Pilings	Low	Intended for Fall 2020. Can tolerate a year delay with increased concurrent activity
Delays in Phase 2 Finger Construction	Delay to individual berth assignments	Low	Invoke short term rafting of boats pending completion
Contractor availability	Contractor availability and scheduling do not coincide with project timelines	Med	Prepare and submit tender/RFP work packages as early as possible with 'subject to' provisions to get firm quotes and time-line bookings.
Financial Risk			
Loss of membership	Inaction on this file leads to a perception that the new marina will not be secured	Med	Continue to promote and advertise wins to the membership and keep members informed of what is happening on the file. Once any permission is granted, then action must be taken to move forward rapidly to show progress.
Loss of moorage revenue	Communicate changes to moorage early and make any rate changes predictable	Low	The major rate changes have happened

Arisings Risk			
Pilings - cost increase due to drilling requirement	Budget overage	Moderate	<ul style="list-style-type: none"> - 25 % contingency should cover 20% drilling requirement - can off-ramp FOC pilings
Electrical cost over runs	Budget overage	Moderate	<ul style="list-style-type: none"> - > 250 K contingency fund allocated - redirect saved/accrued contingency fund from other line items (Electrical is a phase 3 item)

4. Evacuation Plan

4.1 General

4.1.1 Components of the Evacuation:

1. Move of constructed dock fingers, ramps and dock elements currently stored in the CFSA marina
2. Move of mobile buildings, dinghy racks and mast crane
3. Move of legacy sea containers and purchased sea containers for tools and equipment

The purchase of three used 20 or 40 ft sea containers will enable transport of CFSA tools, equipment and clubhouse assets to the new site. The containers will then be located at the new site to replace the coffee shop, racing, safety equipment/power washer and small boat sheds and workshops.

Any legacy items not required at the new site will be sold or left behind.

4.2 Specific Items to be Moved

- Dock fingers, required legacy floats, ramps, CFSA-stored dock sections
- Dinghy racks and mast crane
- Mobile Buildings - Training facility, Foreshore/DSA office
 - Sea containers currently at legacy site - Ecole Victor Brodeur, Sails,
 - DSA Purchased sea containers
 - Wood/Metal Shop tools, small boats tools and battery chargers, racing equipment, haulout shed power washers, safety helmets and wash water system, used oil/paint storage area equipment, fuel locker, clubhouse assets to include refrigerators, bar equipment, tables, chairs, etc

4.3 Evacuation Work Schedule

4.3.1- Items

Dock Fingers - to be temporarily stored in lots as they are built at CFSA legacy site, lifted into the water by a contracted crane and towed to Yew Point, either by CFSA and/or QHM, lifted onto land and stored. After pilings are installed and as/after main docks are constructed, fingers to be lifted back into the water via contracted crane and towed to the new site by CFSA and/or QHM. Contingency is to build fingers in lots at legacy site then lift by contracted crane and move by

flatbed either with support from Base Transport or contracted, for storage at Yew Point, then lift back into the water and tow to the new marina for installation. A second contingency is to build the fingers at Yew Point, store as they are built and tow to the new site for installation.

Stored Docks/Ramp - (towed only after pilings completed at new site), with dinghy racks and mast crane

Legacy Floats/Ramps - (as required, towed only after pilings/docks completed at new site)

3 X sea containers – items at 4.2.4.b above

3 X CFSA Sea Containers - (EVBrodeur, Sails, DSA) at 4.2.4.a

Foreshore/DSA Office - ATCO Trailer

Training Facility - Double -Wide Trailer

4.3.2 - Move Work Schedule

Year	Winter	Spring	Summer	Fall
2020		1(build & store)	1(build & store)	1 (build & store)
2021	1(build & store)	1(build & store)	1(tow to new site),	1 (tow to new site), 2, 3, 5, 7
2022	1(tow to new site, 4, 6	Legacy site evacuation complete		

4.4 Impacts to Legacy Site Operations

Construction and temporary storage of dock fingers will require approx 1000 sq ft of space on the legacy site foreshore, reducing space available for parking in the lower lot and reducing haulout space by at least two or three boats. After sea containers are purchased and located at the legacy site for packing and preparation to move, it is likely that half of the lower parking area will be unavailable for extended periods of up to several months. Fencing at the access

gate to the lower lot will likely need to be adjusted to permit entry of large vehicles.

4.5 Costs to move

Requests for External Support - Base Transport or Contracted - Flatbed truck, large forklift or crane (est \$1500/day for crane and truck for max 12 day total of \$18K--this total includes the first and likely more expensive contingency described at 4.3.1) for fingers, dinghy racks, mast crane and all six sea containers

Storage Needs - Storage for constructed fingers as they are built and for 3 X purchased sea containers est \$12K total

Total estimated cost, including contingency is max \$30K

Things we intend to sell – 2 X Breakwater Barges - high demand market, est possible \$50 – 100K

4.6 Write-offs

Annex F contains the listing of all items on the CFSA fixed asset list (2446). The item highlighted in green (see 4.5.4 above) is the only item that CFSA will attempt to sell. Items with red highlights are expected to be written off and those highlighted in yellow are probable write-offs. All non-highlighted items are expected to be kept and moved to the new site.

Phase 3: Management and Capacity

5 Managing the Investment

CFSA has a history of self-managing complex projects over its seventy year history, however, this project represents the biggest and most complex project in its history. The club has established a robust planning structure that will be combined with an oversight and construction regime. This project exceeds the capacity of volunteers to fully manage, oversee, and provide quality assurance to, which necessitates the ongoing relationship with a proven and reliable consultant - Herold Engineering.

The club also has a strong record of business management across its over seventy years of history. It has paid back loans used for the purchase of breakwater barges and maintained a strong balance sheet. As the process of moving began, the club took immediate steps to increase moorage and membership rates in order to build cash reserves and cash flow that will be necessary to achieve its financing goals.

In the period between FY 2017/18 and 2019/20 moorage rates have increased by 75%. Though there was an initial drop in moorage and membership rates, both bounced back within 6 months of the rate increase and are well within the bands of historical averages and levels needed to sustain the club into the future.

5.1 Governance and Oversight

The club will continue to operate as fully and normally as possible for as long as possible. Operations within the club are split between the roles of the Executive Committee with committees and chairs defined functionally and under the leadership of the Vice and Rear Commodores. In contrast the Commodore has appointed transformation committees with responsibilities for organising and executing the CFSAx mandate.

Future Property Committee (Juno Beach Committee) is empowered to plan, develop and execute the establishment of CFSAx. They have been liaising with the Engineering Consultant and providing oversight and analysis of that effort.

The Legacy Property Committee (Dunkirk Committee) is empowered to plan and execute the evacuation of the legacy property and provide oversight and guidance for any transformation operations that will take place on the legacy property.

The Budgeting Committee is the financial planning element that has developed the financing plan and fiscal projections in consultation with the property committees.

The Sponsorship Committee is currently on standby and waiting for training and the go-ahead to begin seeking sponsorship opportunities to help finance the CFSAx project. One of its mandates will be to coordinate sponsorship efforts with the Disabled Sailing Association to ensure that effort is not duplicated and sponsors are not approached twice for the same project.

5.2 Project Management Strategy

The Future Property Committee (FPC) shall remain as lead representation for the duration of the club relocation. It is envisioned that Herold Engineering will be retained through contractual agreement for provision of tender administration for the construction phase of the project.

5.2.1 Project Review Strategy

Contractor Coordination

The relationship between Herold and the FPC has been well established through the planning phase of the project, due in large part to the dedicated efforts of leading members of the FPC and Herold Engineering, specifically Chris Maier and Kevin Greenwood of CFSA and Sarah Campden of Herold Engineering. Both project teams are complemented by Professional Engineers, Technician, Technologists and financial specialists well versed in project and construction management.

Typical duties of the Consulting Engineers on a project of this scope and magnitude include, but are not limited to the following tasks:

- Provide the sealed “issued for construction” drawings and specifications and prepare the final construction contract(s) for execution,
- Coordinate and chair regular meeting to discuss the progress and potential problems,
- Review of shop drawings from the contractor,
- Coordinate or conduct field reviews and inspection in accordance with requirements stipulated by the Base, DFO, and other regulatory agencies,
- Submit written inspection reports and photographs, detail instructions to the contractors,

- Prepare and issue monthly progress certificates, including recommendation letters to CFSA on those payments,
- Administer required changes to the construction contract, review pricing for addition or credits, (changes would be presented to the FPC prior to acceptance.
- Issue primary judgments on disputes,
- Compile and issue all required completion documentation, including substantial and total performance certificates, Builders Lien Act Forms, deficiencies lists, and warranty related documents.
- Advise and represent CFSA on all construction related matter to the contractor,

Herold Engineering is an Organized Quality Management firm as recognized by the Engineers and Geoscientists Association of BC. This certification represents a dedicated commitment to quality service delivery to their clients. Through established protocols between Herold and the FPC, all construction related tasks will be communicated and documented in advance of action taken by either party. The heightened level of communication and preparedness will ensure effective oversight of project control, cost, scope and schedule.

Internal Coordination

The currently established work groups of the Foreshore, House and Grounds, Wharfage and Mooring are expected to build in strength as the relocation project gets underway. The background of club members include serving and retired Officers and Enlisted servicemen and women, builders and tradesmen of various disciplines, electricians, welders, engineers and technicians to name a few. Their mandate will shift away from efforts on the existing infrastructure and redirect to construction activities at the new location.

Coordination of construction conducted by CFSA members will be overseen by the Future Property Committee and Legacy Property Committee. Those committees are currently comprised of long-term dedicated members impassioned with the relocation of CFSA to its new location and transformation beyond. Capacity of those committees is not expected to diminish in the near term. Budget allocation to CFSA construction projects will be established through approval of the Executive Committee in accordance with applicable regulation and procedures.

CFSA volunteer construction activities on docks and walkways will be communicated through the FPC to Herold and the construction contractors such that contractor activities are not hindered and safe working practices are

ensured for all parties. Clear working protocols between the groups will be established in advance of any construction commencing.

5.3 Business Capacity

5.3.1 Income Streams

CFSA revenue is generated through the following streams:

Moorage: revenue is produced mainly through the 3300 linear feet of moorage, which accounts for 67% of overall revenue.

Membership: revenue is created through annual dues to members, which accounts for 22% of overall revenue.

Sailing instruction: CFSA provides sailing instruction to the DND community. The financial goal is to breakeven on costs of instruction.

Investment revenue: CFSA invests the bank balance through CFCF balanced investment fund.

Bar Sales: The CFSA bar provides the social platform for the club. The bar operates at a 60% gross margin. After subtracting wages, the bar is assumed to breakeven.

5.3.2 Operating Expenses

Operating expenses are incurred in the following categories:

Repair and Maintenance Expense: material costs for repair and maintenance of CFSA infrastructure. Labour provided by volunteer work parties.

Wages: Wages are incurred from bar staff and sailing instructors.

Entertainment Expense: The entertainment officer is allocated a budget to provide a social environment for membership.

Utilities: CFSA pays 75% of utility costs as outlined by level of support for a special interest group.

5.3.3 Balance Sheet

Assets: CFSA assets consist mainly of F&E over \$1000, and a significant cash balance in the bank. Cash is being raised through moorage revenue to service the CFCF loan, and for project capital not covered by the loan.

Liabilities: CFSA liabilities will consist of a \$2.5M CFCF loan (upon approval).

5.3.4 Cash Flow Analysis

Assumptions Summary:

Contingency

The contingency budgeted for this project is 25% of marine structures costs.

Revenue:

Prices are assumed to increase every five years by 5%, starting at the move in date. This is under the assumption that membership approves the increases.

Operating Costs:

Inflation rate: a 2% per annum inflation rate is used, unless individually noted in the expense line item (i.e. maintenance, utilities).

Bar Operations:

The bar operations are assumed to breakeven in this analysis, as it is unknown of the impact of private events at the new location. Use from membership is expected to remain the same, with potential for increase membership use, as it is closer to the homes of the majority of membership.

Depreciation Classes:

Depreciation for marine structures is assumed to be class 14 (9%/ per year), and depreciation for buildings assumed to be class 12 (5% per year)

Unknowns

There is an increased risk profile in phase two of the project, which is when the pilings are to be installed at the new site. Quotes provided by contractors do not include any installations directly to a rock bed, which require “rock socketing”. Based on professional consultation, there is an increased probability that the contingency will be utilized during this stage.

5.4 Outcome Management Strategy

The CFSA executive meets at least 10 times per year. As construction begins the FPC will have a standing report to the Executive Committee where milestones and progress will be reported. The FPC is the conduit for liaison with Herold Engineering and will be able to report and monitor their outcomes. This puts the FPC on equal footing with the foreshore work parties who have representation on the executive committee through the Foreshore Committee Chairperson and who will be responsible for the construction of self-built infrastructure.

5.5 Risk Management Strategy

Demonstrate that the organization has a function in place to manage the risks of the project. CFSA has budgeted a 25% contingency on validated quotes from Herold Engineering. Risk of cost overruns are assumed to be reduced after phase 2 of the project (pilings). CFSA has also separated IOC and FOC, so that non-essential expenditures can be risk managed into the future.

5.6 Change Management Strategy

CFSA takes its rules, bylaws and constitution very seriously and is constantly keeping its governance documents up to date, in line with higher direction and flexible enough to meet future needs. With the engagement of the Executive Committee and changes to date, including a realignment of calendars and meeting schedules the Executive Committee is in good position to monitor and change governance documents as the transformation occurs.

There are two general meetings scheduled annually that will allow for change to be managed and accepted by the membership. As well the by-law annexes of the constitution are allowed to be changed at the Executive level with effect upon approval of meeting minutes and then ratified at General Meetings.

The two general meetings are scheduled to ensure flexibility and the ability to react to drivers of change. The Fall General meeting follows the busy summer period and permits a mid-year budget update and the capture of issues from the summer and membership-drive. The Winter AGM ratifies the budget, elects new Executive members and sets the pricing strategy for the new fiscal year. This timeline also works well with the DFO in water work windows in the Fall, and Winter.

5.7 Performance Measurement Strategy

CFSA treasure and assistant-treasurer for transformation will monitor project budget using comparisons of actuals and monitor contract limits as line items are expended. Once permissions are given, a transformation management report will be included in the monthly financial statements that are produced by the treasurer and assistant treasurer. This will allow for active management of the contingency funding, leveraging opportunity funding for FOC onramps. CFMWS/NPF Accounting also provides valuable oversight of contracting and expenditure limits.

Annexes

- A. Vision Statement
- B. Initial Land and Water Lot Considerations
- C. Statement of Requirement and COA Analysis
- D. Market Research
- E. Cost and Cash Flow Analysis
 - a. E-1 Herold Costing and Feasibility
 - b. E-2 Phased Expenses
 - c. E-3 Cash Flow
- F. CFSA Fixed Asset list
- G. DSA-CFSA Colocation Business Case
- H. CFB Esquimalt CFSA Transition Working Group Terms of Reference
- I. CFB Esquimalt CFSA Transition Working Group Stakeholder Analysis
- J. CFB Esquimalt CFSA Transition Working Group Risk Analysis
- K. Statement of Real Property Deficiency

Glossary of Acronyms and Terms

Provide all acronyms in full and define all terms required to understand the business case properly.

Acronym	In Full
AJAG	Assistant Judge Advocate General
CFMWS	Canadian Forces Morale and Welfare Services
CFSA	Canadian Forces Sailing Association
CFSA TWG	CFB Esquimalt CFSA Transition Working Group
DC Div	Naval Fleet School Pacific’s Damage Control Division
DFO	Department of Fisheries and Oceans
DSA	Disabled Sailing Association of Victoria
EED	Environmental Effects Determination
FSE	Formation Safety and Environment
NPF	Non-Public Funds
PSP	Personnel Support Program
QHM	Queen’s harbour Master
RFR	Request for Review
SIA	Specialty Interest Activity
Term	Definition

