

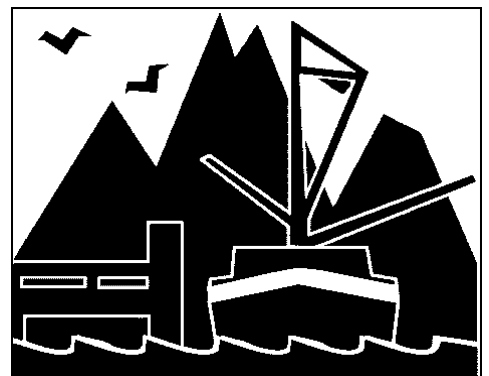
Harbour Authority Planning

Guide to Preparing A Business Plan

Prepared by Small Craft Harbours
Department of Fisheries and Oceans, Pacific Region

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Introduction

Creating business plans is not traditionally one of the routine tasks of not-for-profit directors or boards as it is in the for-profit business sector. But in cases where non-profits are running business operations, as in the case of Harbour Authorities, business planning is an important and effective tool in building successful and sustainable operations.

Not all business plans follow the same outline, but all contain similar elements. A business plan should provide a picture of your harbour operation. It tells other people what you are going to do and how you plan to do it. It outlines the economic, legal and physical environment in which you operate. It lets others know that you are serious about your business, and that you have taken time to consider all the relevant pieces.

A business plan can serve the Harbour Authority (HA) in a number of ways:

- ✓ As a guide to help set up and run the HA;
- ✓ As a touchstone for guidance and tool for promoting viability;
- ✓ As background material for staff and volunteers;
- ✓ As documentation accompanying the yearly formal audit;
- ✓ To illustrate to partners and funders what the HA offers and why you need their help; and,
- ✓ As a basis for developing and assessing HA budgets and plans for ensuing years.

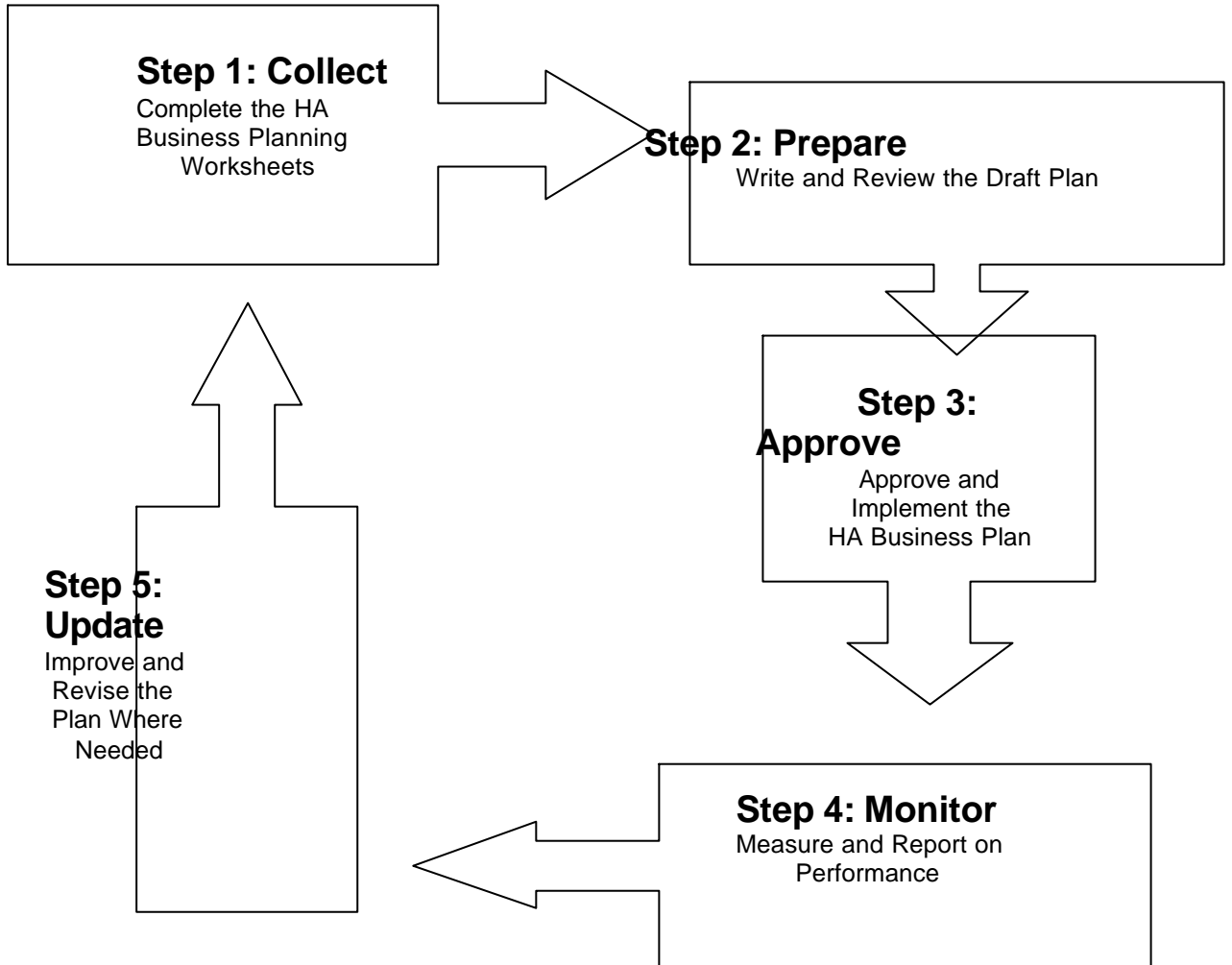
While business plans do not need to be done annually, the HA Board and management staff should re-examine the business plan annually. Experience may dictate changes, expansion, or require that certain sections be completely rewritten from time to time.

The Business Plan: Process and Outline

Determining the level of Board interest in business planning is the first important step to take. This guide can be used as a reference tool and departure point by the Board in examining the benefits and value of business planning for the HA. Where sufficient interest is present, a series of meetings of the HA Board, or sub-committee, with HA management staff is recommended. The purpose of these meetings is to work through or review the business plan guide and answer the questions in the attached worksheets (Appendix 1). Prior to these meetings, the information necessary for answering the questions outlined in the worksheets will need to be compiled. In particular, budgeting and resourcing information will be absolutely necessary for preparation of the financial section of the business plan. If this has not already been compiled, it should be considered prior to embarking on the business plan.

It may be useful to assemble the documentation according to the table of contents provided on the previous page and to provide a package to each person who will be working on and reviewing the plan. The documentation and information provided on the worksheets will be used to produce the business plan narrative. When the narrative has been completed, the next steps will be to write an executive summary to precede the narrative and to assemble the specified attachments.

HA Business Planning Process Cycle



The Business Plan: Section by Section

SECTION A: Overview: The ABC Harbour Authority

This initial part of the business plan describes the focus of the HA and its purpose. It has six sections: **Basic information; Assessment of user needs; HA environment; HA description; HA organisation, and; Partners.**

A.1 Basic information

In this first section, the narratives should look to introduce the HA, the business plan, harbour or harbours the HA manages, and the paid and volunteer staff that run the HA.

A.2 Assessment of existing and potential user needs

This section must answer the question, *what are the important needs of intended users?* In answering this question, the narrative must also set the stage for the HA description section by:

- ✓ Defining the users and community to be served.
- ✓ Describing the steps the HA Board has taken to determine user and community needs (obtaining demographics, conducting meetings, interviewing community members, collaborating with other organisations)
- ✓ Summarising the needs that the HA aims to fulfil.

Reports related to this section can be included as attachments.

A.3 HA environment

This section should provide a snapshot of the **legal, economic,** and **physical** environment in which the HA operates. While user needs will direct the focus and activities of the HA, it is important that the HA can show it has a clear understanding of the environment in which it operates.

It is important to show that the HA understands its obligations as outlined in its lease, has researched the type and level of harbour services offered in the area, and considered the current and possible future needs which the HA intends to fulfil.

A.4 HA description and activities

This section forms the basis for operational sections to follow (i.e. staffing, scheduling, financing, etc.). It is important to keep in mind that the reader may need to be convinced that: a) a variety of alternatives have been considered, b) other community resources have been taken into consideration, and c) the HA is an appropriate and viable choice to fulfil its purpose. The narrative in this section should also look to describe:

- ✓ The scope, goals and objectives of the HA
- ✓ HA areas of operation and activities
- ✓ Anticipated outcomes and HA achievements

If the HA Board has developed a mission statement, it can be used or referred to here and included as an attachment.

A.5. HA organisation

The narrative should describe the governance structure and the full team that runs the HA. It will be useful to include an organisational chart if one is available.

If changes or new initiatives are being proposed related to the HA organisation, such as training, a new performance review initiative or a volunteer appreciation project, these should also be discussed here.

In describing the day-to-day administration, a staffing plan may be helpful. It would summarise the tasks to be performed by any paid full-time and part-time staff and by volunteers, together with the qualifications required for each position. It may detail expected training, hours, salary, and benefits for staff, and, in the case of volunteers, include plans made for coordination, supervision, and training, as well as plans for support and recognition.

A.6 Partners

The Harbour Authority's partnership with Small Craft Harbours (SCH), Fisheries and Oceans Canada is integral to the HA's business of managing government-owned public harbour facilities. This section sets out to describe the HA's current partnership with SCH and any other partnerships the HA is involved in.

Attention should also be paid in this section to summarising the HA Board's past and planned future work in mapping community assets and establishing partnerships and collaborations with other community organisations and agencies, harbour authorities, and other organisations where appropriate.

The narrative should be very specific and inclusive as to the contributions and commitments made by each partner. It is important to describe what each group or organisation is looking for from the partnership, and the benefits that have been realised or could be realised in the future. Partnerships can take many forms and reap many different kinds of benefits, such as: funding support; in-kind contributions of space, hardware, software, furnishing, or renovations; participation by professionals and representatives on the HA Board; technical advice and assistance, volunteers for a variety of staffing needs; and so on. As a complementary program or initiative, a partnering organisation may also have members or stakeholders with an interest in the harbour.

SECTION B: Harbour Operations

This section of the business plan outlines the nuts and bolts of your plan for keeping the HA going. It has the following sections: **Day-to-day activities; Harbour projects; Harbour user projections; Timeline and evaluation; Communications and outreach**, and; **Possible problems and solutions**.

B.1 Day-to-day activities

The day-to-day harbour activities are the tasks involved with running the harbour. The harbour supervisor or manager is generally responsible for these tasks and is accountable to the Harbour Board of Directors. Many of the day-to-day activities relate to harbour supervision responsibilities, which are specified in the terms and conditions of the harbour authority lease (See **Appendix 4: Harbour Authority Lease**, particularly Schedule “D2” - *Description Of Minor Maintenance And Repairs*).

HA day-to-day harbour operation activities generally include:

- ✓ Managing the facilities in the harbour administered by the Harbour Authority and all land (including land covered by water) that is administered by the Harbour Authority;
- ✓ Collecting and accounting for berthage, wharfage, and utility fees, and other charges as directed by the Harbour Authority;
- ✓ Allocating berthage and storage space for goods (if provided), and monitoring their use;
- ✓ Explaining policies, regulations, and rate structures to harbour users;
- ✓ Inspecting harbour facilities and reporting all structural defects on leased facilities to the Board, and making or arranging minor repairs;
- ✓ Reporting, in writing, the details of any incidents (e.g., fires, damage to property, environmental);
- ✓ Supervising parking space (if provided) and ensuring that users dispose of trash and used oil in the containers provided, and that facilities are kept clear of personal property, and spare gear;
- ✓ Ensuring that users of harbour equipment comply with operating instructions and restrictions;
- ✓ Managing any sub-licenses, or agreements and supervising any contractors employed by the HA for harbour maintenance or repairs;
- ✓ Maintaining contact with local authorities (e.g. police, fire, ambulance);
- ✓ Posting all signs and notices; and,
- ✓ Ensuring that load limits are not exceeded on government roads and structures.

B.2 Harbour projects (if applicable)

This section should capture and describe any proposed HA project or initiative that is above and beyond the day-to-day activities of running the harbour.

Prior to initiating any new projects, the HA will want to ensure that in addition to these project costs, there is an adequate cost-cushion in place to protect against unanticipated shortfalls or changes in either revenues or day-to-day expenses. Similarly, the HA will want to show that staff and other resources required to successfully carry out the project have been identified and will not impede or take away from the day-to-day harbour operations.

The earlier the involvement of SCH in your planning process, the more assistance can be obtained in discussing options, cost-saving approaches, and discussions with necessary regulatory bodies, etc. Having information available regarding projects the HA wishes to carry out early on also assists SCH in its planning.

The attached project feasibility assessment sheet (**Appendix 3**) may provide a useful starting point in considering potential projects prior to integrating them into the HA's business plan. This information can provide a valuable basis for discussions with SCH staff, who may be of assistance. There is also a lease requirement that the HA inform SCH of any projects in respect of the harbour, not already itemised as the Harbour Authority's responsibility in Schedule "D1" or "D2" of the lease.

B.3 Harbour user projections

In preparing this section, remember that a projection is only a "best guess". As months of operation go by, usage information will be accumulated that will improve the validity of HA projections for ensuing years. In the initial stages, the projections will be based on information from current usage, pre-payments, partnering agencies or other harbours, and any information collected from past years. The narrative should mention any envisioned limitations on future use because of limited space, budget, or other restrictions.

It may be appropriate to include one or more projections of activity/use levels for the upcoming year, as an attachment.

B.3 Timeline and evaluation

This section should reproduce and annotate a timeline with all key tasks associated with either the day-to-day running of the harbour or any additional HA planned project. With this information, the timeline will provide information on:

- ✓ Timeframes for accomplishing key tasks;
- ✓ Positions of people (staff and/or Board or sub-committee chairs) responsible for seeing that the various tasks are completed; and,
- ✓ Deadlines for when tasks must be completed.

Readers of the business plan will also need assurance that the HA is monitoring its own performance. The second part of this section should describe the steps that will be taken to accumulate data and evaluate the way and extent to which the goals and objectives specified in the plan are achieved.

B.4 Communications and outreach

Readers of your business plan will want to know how you intend to inform and update users and the community of the existence and location of the HA, its services, and planned initiatives.

The narrative should include a description of planned communications and outreach activities, the process you went through to develop your outreach plan, and specific answers to the kinds of questions listed above.

B.5 Possible problems and solutions

It is important to discuss what obstacles to success the HA may experience in implementing the plan. The object here is twofold: a) to give the reader a sense that your plan is realistic and b) to add further substance to the impression that contingencies have been fully considered. It may be useful to make a list of what issues the HA may face in implementing the plan. Some possibilities include:

- ✓ Too many users—OR not enough users;
- ✓ Unanticipated level and/or types of services used and required by users;
- ✓ Difficulty in recruiting and retaining effective staff and/or volunteers;
- ✓ Space issue (e.g. configuration, changing usage, access difficulties);
- ✓ Meeting environmental requirements and regulations;
- ✓ Failure of fundraising initiatives;
- ✓ Other

From the list, it may be helpful to pick two or three possible challenges that seem more likely to occur, and write a short paragraph describing each and indicating strategies and mechanisms that the HA will employ to overcome such obstacles.

B.6 Future harbour planning

Planning by setting goals and objectives may seem mundane when compared to pressing operational issues; however, these plans are important in helping to avoid problems or in dealing with problems promptly as they arise. This section should outline what planning the HA envisions carrying out, including the purpose, timeframes and who will be involved.

Three types of harbour planning to be considered are:

Business planning

As stated previously, the primary purpose of the HA business plan is to present the business of the Harbour Authority to a variety of potential readers. While the business plan does not need to be done annually, it should be re-examined by the HA Board and management staff at least once a year. From time to time, areas of the business plan will need to be updated as new information becomes available and new initiatives are undertaken. A completed business plan is a valuable source of information for other types of planning.

Short-term operational or tactical planning

Short-term operational or tactical planning often involves creating a one-year tactical plan that is in line with the business plan and with the purpose of the Harbour Authority. The harbour manager will most often be responsible for preparing the draft tactical plan, which is approved by the HA Board of Directors. The tactical plan presents the next steps to be taken in accomplishing long-term objectives and is comprised of:

- ✓ An account of short-term goals and objectives;

- ✓ An assertion of the activities to be conducted in the coming year; and,
- ✓ An annual budget that translates the activities into financial terms.

In addition to a tactical plan, developing and updating the HA's *Harbour Environmental Management Plan* and *Harbour Policy & Procedures Manual* can be important operational planning activities that will assist in the running and management of the harbour.

Long-term strategic planning

While much of this information will be in the HA business plan, a long-term strategic planning involves the HA Board creating a three- to five-year plan for achieving the HA's objectives. It serves to articulate specific goals and objectives in a concrete manner and outlines:

- ✓ What the Harbour Authority is trying to achieve;
- ✓ What the strengths and weaknesses of the Authority are;
- ✓ What unique qualities (opportunities) are available; and,
- ✓ Why the Authority is trying to achieve certain goals, and when and how it will achieve them.

Developing a *Long-Term Harbour Maintenance Plan* independently from or as part of long-term HA strategic planning will also assist the HA in achieving its mid to long-term objectives. The Long-Term Harbour Maintenance Plan enables the HA to strategically plan for the inspections, project planning, coordination with SCH, and infrastructure work required to carry out sizeable maintenance projects. It allows the HA to anticipate related maintenance project costs over several years, providing time to breakdown and stagger expenses as appropriate. The HA can also then approach SCH and other parties during the planning stages, particularly if the HA may not be able to assume all anticipated project costs.

SECTION C: Revenue and Expenses

C.1 Harbour user fees

The purpose of this section is to present the anticipated revenues from fees charged or contributions solicited from users. Budget information, together with the user projections above, can provide this information.

C.2 Licences, agreements and other harbour revenue

In this section, the narrative should outline any existing permits or licences with harbour users that the Harbour Authority may have, including both those at nominal value and those being used to generate other revenue.

In addition to the generated revenue, the related procedures and associated costs to the HA should be stated. This means the work and costs to the HA of ensuring that the licensees, and other agreement holders observe the terms and conditions of their agreements and that adequate records of these transactions are kept. Any anticipated or planned changes regarding either existing or new licences or agreements with harbour users should also be discussed here.

C.3 Basic HA expenses

Basic expenses are the day-to-day costs of running the harbour and carrying out the routine activities discussed above (section B.1). These costs cover:

- ✓ *Staff* (including salaries, benefits, training, any costs associated with volunteers)
- ✓ *Office and computer supplies*
- ✓ *Other general costs* (incl. telephone, insurance, taxes, professional services, outreach and promotion)

C.4 Operational harbour expenses

Operational harbour expenses include:

- ✓ *Facilities costs* (including minor maintenance and repair of harbour structures, utilities, garbage, and, security)
- ✓ *Equipment costs* (repair and replacement)

These can be summarised and described in the narrative, with a more detailed listing made available as an attachment.

C.5 Project expenses (if applicable)

This section should capture and describe the costs associated with any proposed HA project or initiative that are identified above in section B.2. Any specific sources of funding or new income associated with the project should be clearly described here. Likewise, whether costs are one-time, ongoing or multi-staged should be clarified. Prior to initiating any new projects, the HA will want to ensure that in addition to these project costs, there is an adequate cost-cushion in place to protect against unanticipated shortfalls or changes in either the HA's revenues or basic day-to-day expenses. The attached project feasibility assessment sheet (Appendix 3) can be used to summarise and analyse the net costs of a potential project prior to integrating them into the HA's business plan.

SECTION D: The Financial Plan

The objective of this final section is to demonstrate the capability of the HA to raise sufficient revenue to support its expenses. The narrative will summarise what the previous sections projected in terms of revenues and expenses. Strategies the HA will use to achieve sufficient income to match costs should be described. A cash flow statement (see **Appendix 2**) should be attached detailing expenses for all on-going costs (both basic and operational) over at least one year.

Unless an accountant has been working with the HA Board on the business plan, the completed draft of the Financial section, including both the narrative and the cash flow statement, should be reviewed by a person familiar with financial statements. Once any comments are received and reviewed, appropriate changes to the business plan should be made.

After the section is completed to everyone's satisfaction, it is important to continue to use the cash flow statement (and expense and income projections) throughout the year to monitor and adjust the projections. This should be done monthly, using actual income and expense figures from HA operations. Examination of the budget vs. actual statements is a useful regular feature of HA Board meetings. It will also be invaluable in determining more realistic projections for following years and tracking whether the organisation is meeting its goals.

D.1 The HA's financial picture

Although both income and expense projections are just that—estimates—it is likely that readers of the business plan will be as interested in the probability of the HA's ability to meet expenses, as in questioning the expenses themselves. The financial narrative describes the budgeting process undertaken by the HA. It also describes the research effort made and underway to uncover appropriate sources of income and summarises the HA's planned approach to addressing any shortfall or gaps.

It is likely that in the initial stages of developing your business plan, a shortfall may be predicted. As growth or new initiatives are contemplated, current and new opportunities for generating income need to be considered to ensure that the ongoing viability of the HA is not jeopardised. Prior to engaging in new projects, the HA will want to ensure that there is an adequate cost-cushion in place to protect against unanticipated shortfalls or changes in either revenues or basic day-to-day expenses.

Since the cash flow statement shows annual figures, you may want to use your timeline and any funding decision dates to place anticipated revenues and other income in the months where they are most likely to come in. This will make the statement more realistic. Similarly, if certain expenses are payable annually or quarterly, you may want to enter the appropriate amount in the month when payment is due.

If the initial draft cash flow statement indicates negative cash flow areas, the narrative must concretely address the ways that the HA proposes to respond. It may be appropriate to return and review the expenses and project costs sections to pare down costs where possible, so they are in line with expected income. Likewise, as many other income sources as possible should be considered, along with conservative estimates of any additional income that might be generated.

D.2 Preparing the cash flow statement

Appendix 2 is an example of a fictional HA Cash Flow Statement that illustrates how the HA's budget information can be used to prepare your cash flow statement. The preparation of the cash flow statement might necessitate returning to the User Fees section above (C.1), and adjusting the fee schedule so as to bring revenue into balance with expenses. Other revenue options and ways to limit expenses should also be considered.

The "Cash Flow" line shows the difference between the monthly "Total Cash In" line in the upper portion and the monthly "Total Cash Out" line in the lower section. Note that it is not unusual for this figure to sometimes be negative. What is important is that the "Ending Cash" not enter the negative area. "Ending Cash" represents the HA's total resources, generally meaning what is in the bank. The "Ending Cash" figure in the final column represents the "Beginning Cash" figure for the following year.

The ABC HA cash flow example in Appendix 2 is intended as an example of a possible HA's cash flow scenario for a 12-month period. You will note that there are months that expenses (cash-out) are higher than revenues (cash-in). While this should be reduced and avoided where possible, it is also the nature of the business that some expenses can not be deferred and may be needed (for example, for repairs or maintenance) at times in the year when revenues are lower. To stay afloat when this occurs, it is important that the HA have a cushion or savings in the bank to cover month-to-month fluctuations. In the ABC HA example provided, they had \$25,000 in the bank prior to the beginning of the new year, which was able to provide them some month-to-month flexibility with their cash flow. The total cash flow at the end of the year shows a surplus of \$14,578.87, which is added to the cash available for the following year.

Presenting the Business Plan

With all the main business plan components complete, the time has come for some finishing touches to make the business plan easy to read, substantiate the contents with attachments, and make it look like the important document that it is.

Executive summary

The executive summary is the first item readers will see after the Table of Contents. It should excite the interest of readers so they continue reading the plan. It must be short, not more than two pages and preferably limited to a single page. It should present the highlights of the plan starting with a brief introduction of the entity presenting the plan. Make sure the following questions are answered:

- ✓ Who Are You? (Describe the HA)
- ✓ What are you planning? (Describe the HA's operations)
- ✓ Why are you planning it? (Describe the need and purpose)
- ✓ How will you do it? (Describe your plan)
- ✓ When will you do it? (Describe your timeline)
- ✓ What will happen? (Describe anticipated outcomes)

Attachments

Suggestions have been made throughout this guide for attachments. These include any documentation used to support the narrative, a map or diagram of the harbour, an organisational chart of the HA, resumes of senior staff, any personnel policies or a staffing plan, and your cash flow statement.

Putting it all together

A table of contents should appear after the cover page and should list in order the sections of the business plan starting with the Executive Summary. Subheadings may be included under the major headings (i.e. HA Overview, Harbour Operations, Revenue and Expenses and The Financial Plan) as appropriate. The cover page should state the name of the HA, the fact that this document is a business plan, and the month and year of publication.

In estimating quantity and deciding on presentation (e.g. binders, binding, etc.), you may want to consider the following individuals who will need copies.

- ✓ HA Board members
- ✓ Staff and volunteers
- ✓ Small Craft Harbours staff,
- ✓ Key people in the community (Mayor, City Council, etc.)
- ✓ Other partners and collaborators
- ✓ Funders
- ✓ Local, provincial, and federal officials
- ✓ Others...

A number of additional copies should also be made to distribute as need arises.

Appendix 1: Worksheets

WORKSHEET #1 - Section A: Overview of ABC Harbour Authority

A1. Basic Information

What is the name of the HA?

What harbour(s) does the HA manage?

Who are the HA staff (paid and volunteer)?

A2. Assessment of User Needs

Who are the users and community served by the HA?

What steps has the HA Board taken to determine user and community needs?

What are the needs that the HA aims to fulfil?

A.3. HA Environment

What are the obligations the HA must fulfil, as set out in the terms and conditions in the HA's lease?

What other harbours or marine facilities operate within the area that do or could meet harbour user needs?

Where is the harbour? What is the type and level of fishing activity in the area? How has or is this changing? What other types of users do or might use the harbour?

A.4 HA description, activities and proposed initiatives

In what areas will the HA focus its operations?

What are the scope, goals and objectives of the HA?

What are the anticipated outcomes and HA achievements for the next few years?

A.5 HA Organisation

What body governs the HA? Who are its members? What are their major responsibilities, strengths, and contributions?

Who is in charge of the day-to-day operations of the HA? To whom is this person responsible?

What other staff are required, if any? What are their duties and hours? To whom are they responsible?

What performance review process is in place? What strategies are employed to reward and recognise staff and volunteers?

A.6 Partners

What specific collaborations or partnerships have been established to date?

What is the role of each partner? How does the HA benefit? Other partners benefit? Both organisations?

How will these relationships be sustained? How will other potential partners be identified?

WORKSHEET #2 - SECTION B: Harbour Operations

B.1 Day-to-day Harbour Activities

What are the day-to-day harbour activities and the tasks involved with running the harbour?

B.2 Harbour Projects (if applicable)

Is the HA considering any HA project or initiative that is above and beyond the day-to-day activities of running the harbour? If so, what? If more than one, how are they prioritised?

[The attached feasibility planning worksheet may provide a useful starting point in considering potential projects prior to integrating them into the HA's business plan.]

B.3 Timeline and evaluation

When do the tasks set out in the plan happen?

Who is responsible for making them happen?

B.4 Communications and Outreach

What promotional materials or events will be organised and/or media used?

What kinds of promotion of the HA can be expected from partners?

How else will you approach intended users?

B.5 Possible problems and solutions

What obstacles to success may the HA experience in implementing the plan?

What strategies or mechanisms will the HA use to overcome these obstacles?

B.6 Future Harbour Planning

What planning activities has the HA done to date?

Does the HA have a Harbour Environmental Management Plan? Long Term Harbour Maintenance Plan? Harbour Policy & Procedures Guide? Do any of these require updating?

What planning activities are priorities for the next year? Next few years?

WORKSHEET # 3 - SECTION C: Revenue and Expenses

C.1 Harbour User Projections

How many individuals or groups use the harbour regularly, seasonally?

What increase or change in use is anticipated as the HA evolves and matures? What will the level and types of weekly (or monthly, or seasonal) use look like?

How will the level and types of use change during the year? In future years?

C.2 Harbour User Fees

What is the HA's fee structure? How was it derived?

What are the anticipated revenues from fees charged to users?

[Complete this section by providing and confirming information in cash flow statement]

C.3 Licences and other Harbour Revenue

Is the HA involved with any licences or other agreements with harbour users that generate other revenue for the HA? What revenue is generated?

[Complete this section by providing and confirming information in cash flow statement]

Are there any new or anticipated changes regarding either existing or new licences or other agreements with harbour users?

What procedures and associated costs to the HA are involved with ensuring that the terms of these agreements are observed and that adequate records of these transactions are kept?

C.4 Basic Expense Costs

September 13, 2001

What are the basic expenses of running the harbour and carrying out the day-to-day activities? (I.e. staff, office and computer supplies, other general costs)

[Complete this section by providing and confirming information in cash flow statement]

C.5 Harbour Operational Costs

What are the costs associated with the harbour facilities (including required maintenance and repair of harbour structures, utilities, garbage, and, security) and equipment (repair and replacement)

[Complete this section by providing and confirming information in cash flow statement]

C.6 Project Costs (if applicable)

What, if any, are the costs associated with any proposed HA project or initiative identified above?

[Complete this section by providing and confirming information in cash flow statement]

Appendix 2: ABC HA Cash Flow Statement

Appendix 3: Initial Harbour Project Feasibility Assessment

A critical element to starting up a new harbour project is considering its feasibility. The economic and technical feasibility of a proposed project should be considered, as well as any possible health or safety risks, prior to its initiation. While a new project may further the goals and work of the Harbour Authority without generating substantial new revenues, it is important to ensure that the ongoing viability of the Harbour Authority is not jeopardised.

Before the Harbour Authority enters the development stage of a new project, a number of different aspects should be considered and taken into account, including time, practicality, money, and expected long-term benefits or consequences. The questions below are intended as a possible framework the HA can use to help determine the overall feasibility of new harbour project ideas.

What is the proposed project? Why is it needed?

How does the project cater to user needs?

What are the anticipated costs of the project? What is the expected life of the project?

How long will the project take to complete? What is involved?

What are the projected maintenance costs over the long term?

How much new revenue will the project generate? What is the expected net financial return?

Is the project technically and structurally practicable? Are there any technical or structural issues that need to be addressed?

Is it environmentally feasible?

Have other harbours carried out similar projects? If so, what were the results?

Project Financial Breakdown

	Time frame	\$ Amount
COSTS		
Initial project costs		
Ongoing maintenance costs (/yr.)		
Indirect costs (e.g. environmental) - (specify)		
-		
BENEFITS		
Expected increase in revenue		
Projected savings generated through reduction of other costs		
Overall Balance		
Projected return on investment (ROI) %		

Twelve-month Cash Flow Summary

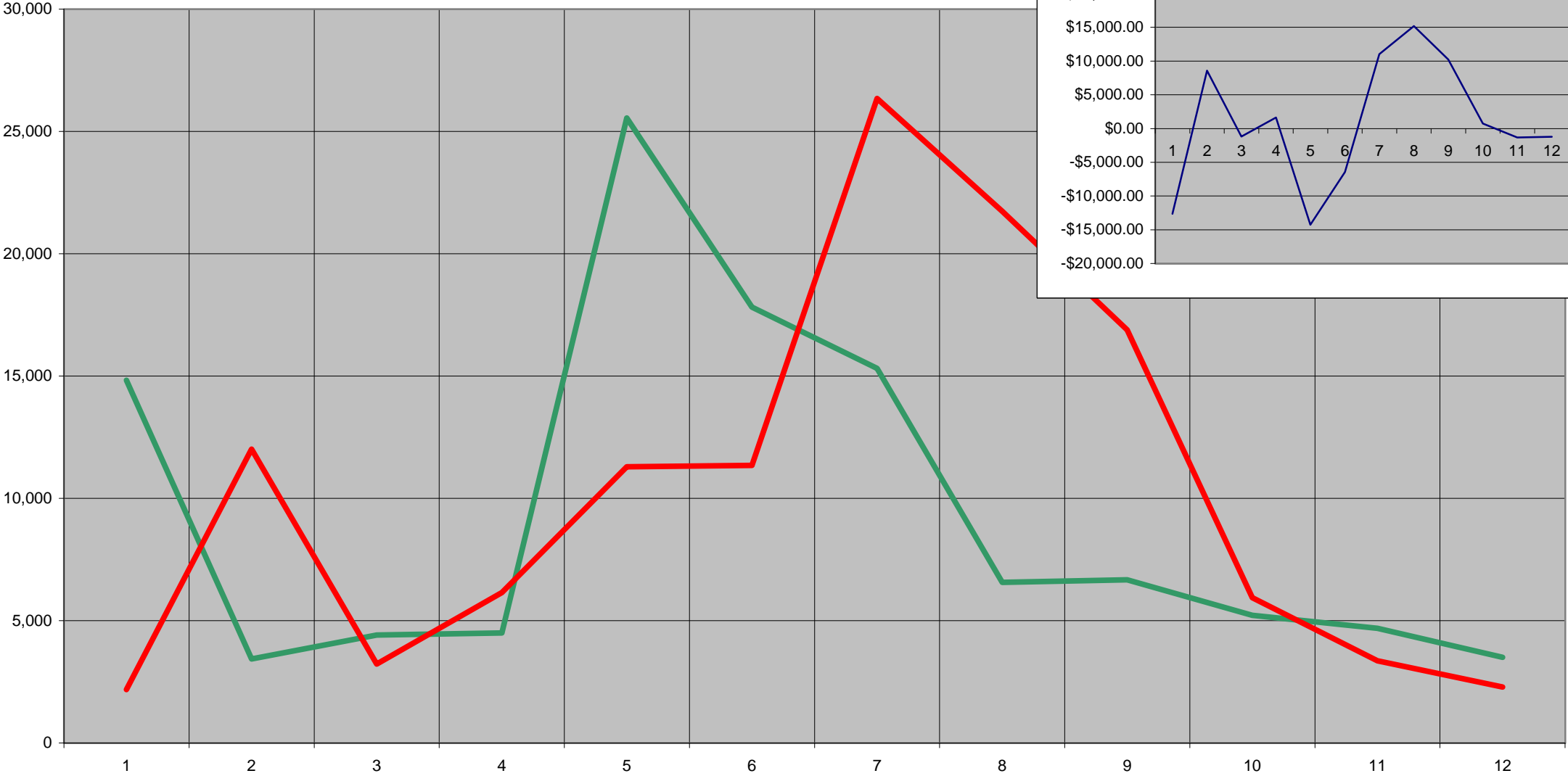
Beginning: January 2001

	Pre-year	Jan-01	Feb-01	Mar-01	Apr-01	May-01	Jun-01	Jul-01	Aug-01	Sep-01	Oct-01	Nov-01	Dec-01	Total
Cash on Hand (beginning of month)	25,000	25,000	12,351	20,934	19,749	21,399	7,135	670	11,704	26,873	37,095	37,821	36,495	
CASH IN:														
Berthage 1		1,400	1,680	2,352	4,704	9,408	9,458	9,458	9,458	9,458	4,335	2,168	1,301	65,180
Electricity 2		252	302	423	847	1,693	1,702	1,702	1,702	1,702	780	390	234	11,732
Other Services 3		28	34	47	94	188	189	189	189	189	87	43	26	1,304
Licences				400	500					150				1,050
DFO Contracts (TBA)			10,000					15,000	10,000	5,000				40,000
Interest on Savings Accounts		500	0	0	0	0	0	0	234	537	742	756	730	3,500
Other (Specify)														0
TOTAL CASH IN:		2,180	12,016	3,222	6,145	11,290	11,350	26,350	21,734	16,887	5,944	3,358	2,291	122,766
Total Cash Available (before cash out)		27,180	24,367	24,157	25,894	32,689	18,484	27,019	33,438	43,761	43,039	41,179	38,786	122,766
CASH OUT:														
General Expenses														
Salaries 4		1,600	1,600	2,500	2,500	3,600	3,600	3,600	3,600	3,600	2,600	2,600	1,600	33,000
Insurance		75	75	75	75	75	75	75	75	75	75	75	75	900
Telephone		150	150	150	150	150	150	150	150	150	150	150	150	1,800
Office costs/equipment			200											200
Office Supplies		50	50	50	50	50	50	50	50	50	50	50	50	600
Security		75	75	75	75	75	75	75	75	75	75	75	75	900
Taxes														0
Professional Services														0
Licences/permits														0
Marketing/Promo 5		1,304												1,304
Bank charges														0
Other (specify)														0
Operations Expenses														
Electricity/Water 6		262	314	440	881	1,761	1,771	1,771	1,771	1,771	812	406	244	12,202
Garbage collection		85	85	170	170	255	255	255	255	170	170	85	85	2,040
Minor Repairs 7		1,200	800	800	400	400	400	400	400	400	1,200	1,200	1,200	8,800
Snow removal			50	100	100									250
Others Expenses														
Miscellaneous														0
Equipment purchased														0
GST														0
PST														0
Bad Debts 8		28	34	47	94	188	189	189	189	375	87	43	26	1,489
New Project Costs														
Project Management		1000				1,500								2,500
Major Capital Project					0	15,000	8,750	6,250						30,000
Project Expenses 9		9000				2,500	2,500	2,500						16,500
TOTAL CASH OUT		14,829	3,433	4,407	4,495	25,554	17,815	15,315	6,565	6,666	5,218	4,684	3,505	112,485
Cash Flow		-\$12,648.68	\$8,582.90	-\$1,184.93	\$1,650.13	-\$14,264.74	-\$6,465.10	\$11,034.90	\$15,168.99	\$10,221.53	\$725.69	-\$1,326.20	-\$1,213.48	\$10,281.03
Cash Position (end of month)		\$ 12,351.32	\$ 20,934.22	\$19,749.29	\$21,399.42	\$7,134.68	\$669.59	\$11,704.49	\$26,873.48	\$37,095.01	\$37,820.70	\$36,494.50	\$35,281.03	

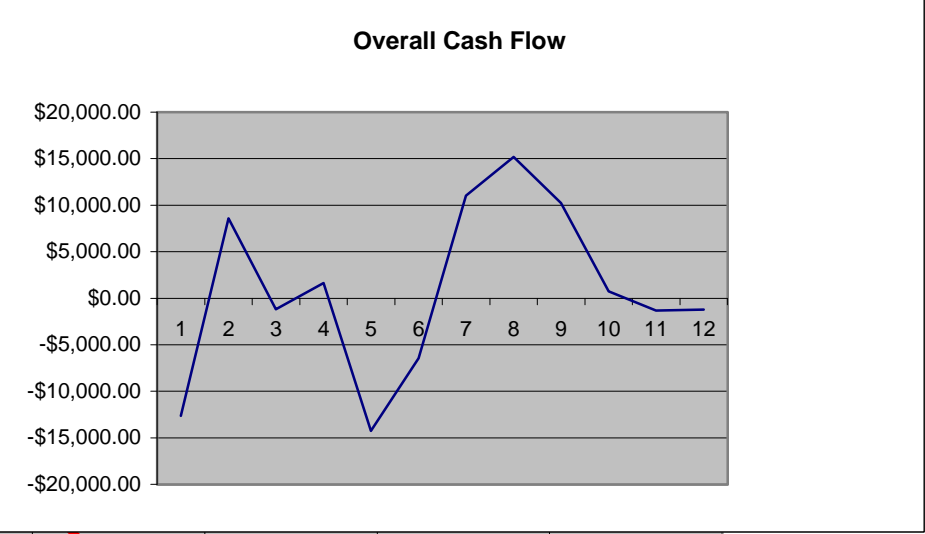
Assumptions

- 1 January \$1400 Low: Based on a 15 CFV vessels, 12 metres in length, \$6/metre, 15053. June High: based on 30 CFV vessels, 12 metres in length, \$6/metre + 50 pleasure vessels, 5 metres in length, at \$9.5/metre + \$4923 daily berthage
- 2 Electricity is billed out at cost + admin fee
- 3 Other services calculated at 2% of berthage
- 4 Salaries calculated for 1 FTE, then increasing with 1 more FTE and 1 PTE in peak
- 5 2% of revenues
- 6 Electricity difference from underbilling, a 4% extra on the electricity rates
- 7 Concentration over winter and then decreasing in the summer
- 8 2% of revenues, plus one outlier in Sept.
- 9 January: Storm Damage, emergency repairs. May: Picnic tables, Float Repairs. Project Repayments in installments 2 months post project completion from DFO(listed under DFO contracts above)

Revenues Vs. Expenses by Month



Overall Cash Flow



Expenses
Revenues