

City of Nanaimo
REPORT TO COUNCIL

DATE OF MEETING: 2014-JUL-14

AUTHORED BY: BILL CORSAN, MANAGER OF REAL ESTATE

RE: APPROVAL OF LEASE AND LICENCE DISPOSITION TO ISLAND FERRY SERVICES LTD.

REQUEST FOR DIRECTION:

That Council:

1. approve the lease and licence disposition to Island Ferry Services Ltd.; and
2. authorize the Mayor and Corporate Officer to execute the necessary documents to complete the transaction.

PURPOSE:

To obtain Council approval to complete the lease and licence agreements for City-owned lands at 1 Port Drive to Island Ferry Services Ltd. (IFSL) for a proposed foot passenger ferry service.

BACKGROUND

For the past four years, IFSL has been developing a business plan for a foot passenger ferry service between downtown Nanaimo and downtown Vancouver.

Staff have worked with IFSL to create a framework of agreements that meet the City's objectives of supporting a fast foot passenger ferry service to Vancouver, while ensuring the long term redevelopment potential of the City's recently acquired lands at 1 Port Drive are not compromised. A key consideration is the City's ability to require relocation of IFSL's operations when necessary and for the City to be able to construct Front Street through the property.

To meet these objectives, three agreements have been prepared. The agreements envision IFSL taking possession of the lands on 2014-OCT-01 and becoming operational by 31-MAR-2015. The six month window provides IFSL with time to undertake site improvements and construction of a temporary passenger terminal and ferry dock.

At the 2014-JUN-23 Council meeting, Staff was directed to publish a Notice of Disposition in the local newspaper as required under Section 26 and 94 of the *Community Charter*. A copy of the Notice is contained in Attachment A.

Council is now in a position to formally enter into the lease and licence agreements with IFSL.

Council
 Committee.....
 Open Meeting
 In-Camera Meeting
Meeting Date: 2014 Jul 14

RE: Approval of Lease and Licence Disposition to Island Ferry Services Ltd.

A summary of the salient terms are outlined below:

Terminal Lease:

- Total Area: 1.96 acres (1.26 acres upland, 0.7 acres water lot)
- Term: 20 years, renewable 2 additional times at Council's discretion (not to be unreasonably withheld)
- Commencement: 2014-OCT-01
- Requires IFSL to be operating by 2015-MAR-31
- Rent: \$52,000 per annum, payable monthly
- Rent Review provisions every 5 years
- Relocation Clause: requires IFSL to relocate when directed by City at IFSL's cost
- Airspace Parcel: City reserves the right to create an airspace parcel
- City to provide water and sewer connection
- Improvements: at the cost of IFSL
- Future road preserved through separate Licence Agreement
- Net Lease: IFSL responsible for property taxes and utilities

Licence Agreement for Road:

- Preserves road right of way for future Front Street connection
- Total Area: 0.4 acre
- Rent: \$15,100 per annum, payable monthly
- Term: 1 year – automatically renews on October 1 of each year if lands not required for road by City
- Commencement: 2014-OCT-01

Parking Lease:

- IFSL have secured a lease area for parking on lands owned by CP Rail. IFSL have requested that the City lease a portion of the existing road right of way to IFSL for parking purposes.
- Total Area: 0.4 acres or 42 parking stalls
- Rent: 5.5% of Net Parking Revenue or \$500 a month, whichever is greater. This is based on the proposal from IFSL to revenue share 50% of parking revenue for parking on City lands. The City parking area represents 11% of the IFSL parking area.
- Term: 3 years
- Commencement: 2014-OCT-01

Next Steps

The following next steps are anticipated:

- A rezoning application to amend the zoning bylaw to permit Ferry Terminal as a permitted use within the Harbour Waterfront W2 zone appears on this evening's agenda.
- A consultant will be retained to design the water and sanitary sewer connections for the property.
- Staff will work with IFSL to assist with Development Permit and Building Permit applications associated with the terminal facility.

Strategic Plan Considerations

The IFSL proposal meets three of the key priorities identified in the 2012-2015 Strategic Plan:

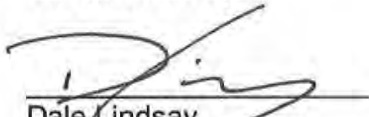
Strategy	Potential Strategies and/or Initiatives
Waterfront Enhancement	<ul style="list-style-type: none"> • A working waterfront that supports business, marine industries, transportation connectivity, entertainment and tourism. • Enhanced public access and use.
Transportation and Mobility	<ul style="list-style-type: none"> • Economic growth in part due to enhanced transportation connections to Victoria, Vancouver and the world. • Work with RDN, NEDC, Chamber of Commerce, Nanaimo Port Authority, BC Ferries, BC Transit, Airport Authority, Island Corridor Foundation, advocates for and support improvement of external connections: inter-city bus, ferries, fast foot ferry to downtown Vancouver, float planes, enhanced air connections.
Taking Responsibility	<ul style="list-style-type: none"> • Continuing to facilitate change and overall development consistent with vision and plans; taking action steps to be a catalyst for investment in the City's future.

Respectfully submitted,

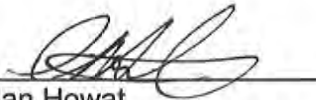


Bill Corsan
MANAGER
REAL ESTATE

Concurrence by:



Dale Lindsay
DIRECTOR
COMMUNITY DEVELOPMENT



Ian Howat
GENERAL MANAGER
CORPORATE SERVICES

CITY MANAGER COMMENT:

I concur with the Staff recommendation.

Drafted: 2014-JUN-25
LD002678
BC/tl

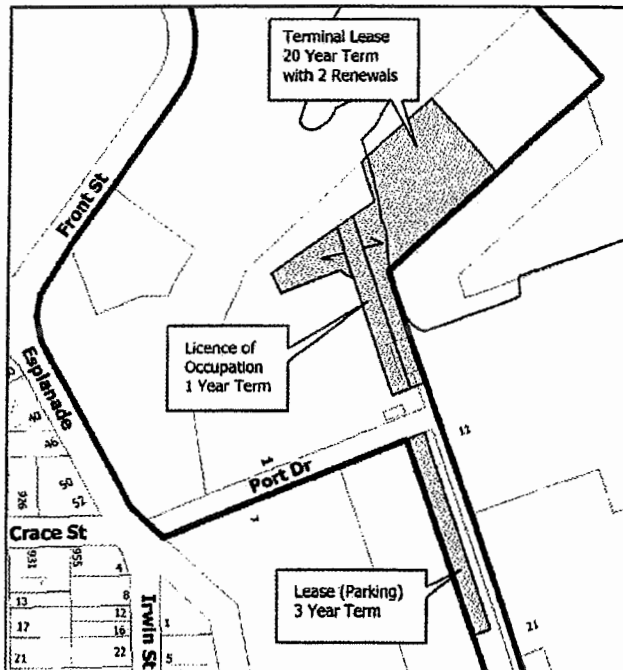


**Notice of
Disposition of Real Property by Way of Lease**

Pursuant to section 26 of the *Community Charter* the City of Nanaimo hereby gives notice of its intention to lease the land and improvements on that 1.96 acre portion of property shown as "Ferry Terminal Lease Area" on the drawing below, located at 1 Port Drive, Nanaimo, B.C. and legally described as PID: 029-036-500, Lot A Section 1 and Part of the Bed of the Public Harbour of Nanaimo City Plan EPP27507 to Island Ferry Services Ltd. for use as a passenger ferry service terminal, for an initial term of twenty (20) years with two rights of renewal, each for an additional twenty (20) year term. Island Ferry Services Ltd. shall pay to the City an annual fee of \$52,000.00, which amount is subject to review every five (5) years. Under the lease agreement, the City may substitute for the Ferry Terminal Lease Area an alternative location.

The City further intends to lease the land and improvements on that 0.4238 acre portion of the same property, shown as "Parking Lease Area" on the drawing below, to Island Ferry Services Ltd. for use as a parking lot in connection with the passenger ferry service, for a term of three (3) years, for a monthly fee of the greater of \$500.00 and 5.5% of Island Ferry Service Ltd.'s net parking revenue.

Further information in relation to these dispositions may be requested from the City of Nanaimo Real Estate Section, at (250) 755-4476.



Proposed Lease/Licence to
Island Ferry Services Ltd.

LOCATION PLAN

Civic: 1 Port Drive

