

# Report

Date February 7, 2024

File:

Subject Crofton Harbour Facility Head Lease

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## PURPOSE

To consider entering into a new lease with the Federal Government to operate the Crofton Harbour facility.

## BACKGROUND

North Cowichan has operated the Crofton Harbour on behalf of Small Craft Harbours (SCH) for many years. A lease agreement between SCH and North Cowichan has existed since 2000 and expired in 2020. Under the existing lease agreement, North Cowichan is responsible for the facility's day-to-day operations, including compliance requirements, minor maintenance and repairs, inspections, accounting, and collection of moorage fees.

The moorage fees collected for the facility are paid to North Cowichan. They are used to cover the cost of operations, including the contracted wharfinger responsible for day-to-day operations. SCH is responsible for major repairs and maintenance of the floats, piles, wharfhead, electrical structures, and ramps.

The Federal Government owns the harbour and provides moorage to commercial and recreational vessels with a focus on the fishing industry.

## DISCUSSION

SCH is proposing a lease term of five years ending September 30, 2025, with an option for automatic renewal for three consecutive five-year terms under the same conditions and provisions. The end of the lease will be no longer than September 30, 2040 (20 years).

The new lease (Attachment 1) is similar to the existing agreement. It covers the obligations of the owner and North Cowichan: insurance, requirements for maintenance, environmental protections, compliance with laws and regulations, and termination.

## OPTIONS

1. **(Recommended Option)** THAT Council authorize the Chief Administrative Officer to enter into a lease agreement with Small Craft Harbours for the operation of the Crofton Harbour facility for a five-year term ending September 30, 2025.
2. THAT Council direct staff to:
  - (1) Give notice to the Lessor that the District of North Cowichan does not wish to enter into a lease agreement for the operation of the Crofton Harbour facility;
  - (2) Advise the Lessor that the District of North Cowichan will continue to operate the Crofton Harbour on a month-to-month basis, under the terms of the expired agreement, until the Lessor

- has contracted a new service provider;
- (3) Review the Wharfinger contract to determine if any amendments are necessary as a result of terminating the agreement for the operation of the Crofton Harbour facility; and,
  - (4) Remove any improvements made to the Crofton Harbour facility and return the leased area to its initial condition.

**IMPLICATIONS**

Option 1

The cost for the facility's operation, including all maintenance, labour and materials costs, is covered by the moorage fees paid to North Cowichan. There is no cost to taxpayers for the operation of the harbour.

Option 2

If a decision were made to end the lease agreement for the operation of the harbour, it would be prudent for North Cowichan to continue operation until another contractor is located. In addition, if the operation of the Crofton Harbour was ended, it would be necessary for staff to determine the viability of the contract wharfinger position. Currently, the wharfinger operates the Chemainus, Maple Bay, and Crofton harbours. The reduction of revenue from Crofton may require a change to the wharfinger contract and total hours.

**RECOMMENDATION**

THAT Council authorize the Chief Administrative Officer to enter into a lease agreement with Small Craft Harbours for the operation of the Crofton Harbour facility for a five-year term ending September 30, 2025.

Report prepared by:

*Shawn Cator*

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Report reviewed by:



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George Farkas  
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**Approved to be forwarded to Council:**



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Ted Swabey  
Chief Administrative Officer

Attachment: North Cowichan (Crofton) - New Lease