

Report

Date August 20, 2025
Subject Foreshore Sublease in Chemainus to Jones Marine Group

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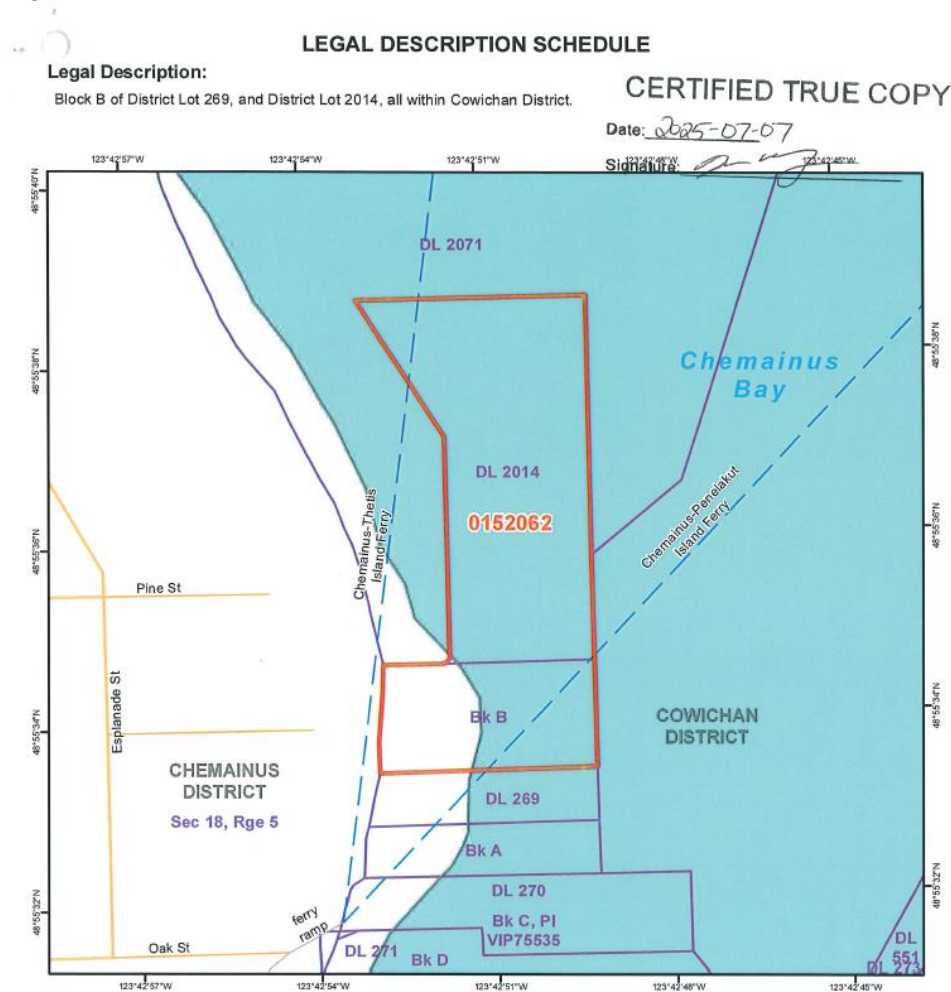
PURPOSE

To provide Council with background information on a Provincial water lot lease in Chemainus held by North Cowichan and to seek Council authorization to sublease the water lot to Jones Marine Group Ltd.

BACKGROUND

In 1972, North Cowichan acquired waterfront property in Chemainus, between Esplanade Lane and Pine Street, through a property exchange with Western Forest Industries. The waterfront property included a water lot lease for Block B of District Lot #269 and District Lot #378, subsequently modified in 2001 to reduce the tenure area to Block B of District Lot #269 and District Lot #2014 (the "Foreshore Lease Area" as shown in Figure 1).

Figure 1 – Foreshore Lease Area outlined in red



North Cowichan entered into a 10-year foreshore lease with the Province in 1987 for the Foreshore Lease Area, and granted a sublease to Chemainus Towing Co. Ltd. in 1980. In 1988, North Cowichan entered into a 30-year lease with the Province for the Foreshore Lease Area. In 1993, North Cowichan Council authorized an assignment of the Chemainus Towing Co. Ltd. sublease to Jones Marine Services Ltd. Formal consent for North Cowichan to sublease the Foreshore Lease Area to Jones Marine Services Ltd. was obtained from the Province in 2010. The lease expired in 2018 and had been overholding until this spring.

At the June 18, 2025, In Camera Meeting, Council approved a new 10-year lease with the Province for the Foreshore Lease Area. The key provisions of the lease include:

- 10-year term beginning April 4, 2025 (s. 2.2 of Lease);
- Annual rent of \$19,600 for the first year, then as determined by the Province (s. 3.1 of Lease);
- Security deposit of \$10,000 (s. 6.1 Lease);
- Commercial General Liability Insurance with Marine General Liability Insurance and a sudden and accidental pollution endorsement in amounts of not less than \$2,000,000 per occurrence (s. 6.6 Lease); and,
- Permitted uses are commercial uses, including wharfs and docks and the storage and distribution of petroleum products, vessel mooring structures, as set out in the Management Plan (s. 2.1 Lease).

DISCUSSION

Staff have prepared a sublease agreement (Attachment 1) in which Jones Marine Group Ltd. (Jones Marine) agrees to be bound by and observe and comply with all terms and conditions of the Provincial Lease (the "Lease"). This includes payment of annual rent, security deposit, and any other costs that North Cowichan might incur related to the Lease. The Lease is included as Schedule A to Attachment 1.

Consent to sub-tenure from the Province was required before North Cowichan could enter into the Foreshore Sublease Agreement. This consent to sublease has now been obtained from the Province following execution of the Lease, and North Cowichan has also published a notice of proposed property disposition for the Foreshore Sublease, as required under section 26 of the *Community Charter*.

OPTIONS

1. **(Recommended Option)** That Council authorizes and directs the Chief Administrative Officer to sign the Foreshore Sublease Agreement with Jones Marine Group Ltd. for a ten-year sublease of foreshore property in Chemainus, described as Block B of District Lot 269, and District Lot 2014 within Cowichan District.
2. That Council not proceed with the Foreshore Sublease Agreement.

IMPLICATIONS

Moving forward with the recommended motion to authorize the Foreshore Sublease Agreement will allow Jones Marine to continue its current marine commercial use of the Foreshore Lease Area. Jones Marine is a large employer in Chemainus that provides commercial marine towing and marine repair facilities needed in the community.

There are no financial implications for North Cowichan to proceed with the Sublease as the Foreshore Sublease Agreement ensures Jones Marine will pay for costs associated with the Lease.

If North Cowichan does not enter into the Foreshore Sublease Agreement, it will be responsible for the rent, security, and costs associated with the Lease and may need to terminate the Lease.

RECOMMENDATION

1. That Council authorizes and directs the Chief Administrative Officer to sign the Foreshore Sublease Agreement with Jones Marine Group Ltd. for a ten-year sublease of foreshore property in Chemainus, described as Block B of District Lot 269, and District Lot 2014 within Cowichan District.

Report prepared by:

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Report reviewed and Approved to be forwarded to Council:



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Attachment:

- (1) Jones Marine Group Foreshore Sublease Agreement