



The Corporation of the City of Courtenay

# Staff Report

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**To:** Council  
**From:** Manager of Procurement, Risk and Real Estate  
**Subject:** Courtenay Marina Society – Renewal Lease

**File No.:** 2380-20  
**Date:** January 28, 2026

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## **PURPOSE:**

For Council to consider authorizing a renewal lease for Courtenay Marina Society, utilizing the property legally described as PID: 004-154-665, Lot 1, Section 68, Comox District, Plan 15512.

## **BACKGROUND:**

The City acknowledged in the early 1990's the need for additional physical space for public access to the water on the Courtenay waterfront. Public access included launching motorboats and non-motorized vessels (e.g. canoes, kayaks, dinghies, sailboats etc.). The City worked with a group of boating enthusiasts to operate a public marina on behalf of the City.

The City has leased the Courtenay Marina facilities for over 30 years. The Courtenay Marina Society is a not-for-profit cooperative society governed by a set of rules and bylaws approved by a Board of Directors. Prior to the previous lease in 2021, the Courtenay Marina Society had contributed over \$100,000 to upgrade and modernize the marina facilities including two docks and dock entry ramp. These upgrades have provided safer access to the City's waterways for a variety of smaller marine vessels using the facilities. The Courtenay Marina Society continues to improve, and maintain at its own expense, the marina dock infrastructure. In May 2022, the Courtenay Marina Society replaced three fingers on a dock, damaged by a storm. This same year the society purchased a Marine Spill Kit and installed additional security barriers. Surplus funds for the Marina Society are directed to future repair, maintenance and modernization requirements.

On February 1, 2021, staff presented a report to Council proposing lease amendments. After consideration of the report and staff recommendations, Council adopted the following resolutions:

*THAT based on the February 1<sup>st</sup>, 2021, staff report "Lease Agreement for the Courtenay Marina - 100 - 20<sup>th</sup> Street", Council approve OPTION 1 and authorize the attached lease between the Courtenay Marina Society and the City of Courtenay for the property having a legal description of:*

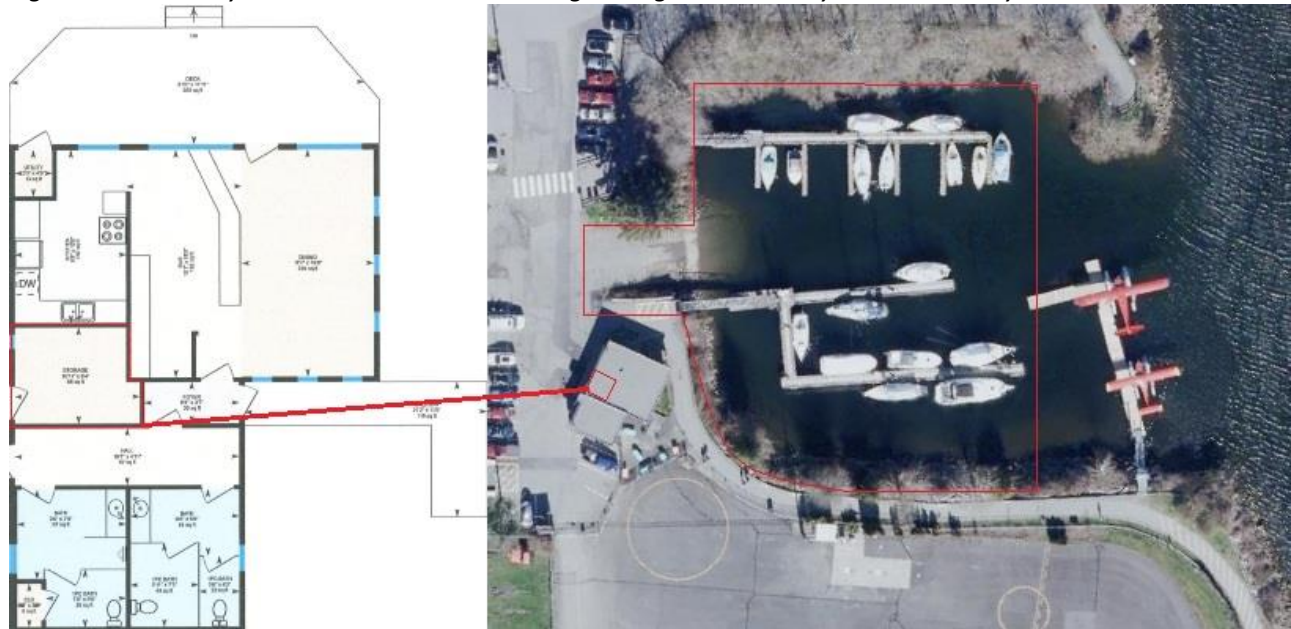
- *PID: 004-154-665, Lot 1, Section 68, Comox District, Plan 15512; and,*

*THAT staff provide public notice to satisfy the statutory advertising requirements for the disposition of City Lands as per Section 24, 26, and 94 of the Community Charter; and,*

*THAT the Mayor and Corporate Officer be authorized to execute all documentation relating to the lease.*

The Marina Building is located steps away from the Courtenay Marina. For storage purposes, in accordance with lease terms, an 86 square foot section of the interior Marina Building is leased to the Courtenay Marina Society as shown in Figure 1 below.

Figure 1: Courtenay Marina and Marina Building Storage – Courtenay Marina Society



#### DISCUSSION:

The Courtenay Marina Society has committed to leasing the Courtenay Marina facilities for a minimum of five years with a renewal clause of three additional five-year terms - subject to Council approvals. The initial lease term commenced on January 1, 2021, and will end on December 31, 2025. The first renewal term is set to commence on January 1, 2026, and terminate on December 31, 2030.

A local area plan for this precinct is scheduled for 2027, and staff suggest reviewing the lease terms once that process is complete. A new lease was drafted in 2021 to include updated language reflecting current practices and standards related to fees, insurance, and repair and maintenance responsibilities. City staff have also completed a market rate analysis comparing moorage rates with those of other local municipalities to ensure that rates per foot remain current if the existing revenue sharing model remains in place. These calculations are summarised below.

#### Moorage Fees and Market Rate Difference Calculations

The fees payable to the City are currently set at 10% of the rents collected by the Courtenay Marina Society for annual boat moorage on the leased premises. The remaining 90% of the collected fees are retained by the Society to fund maintenance and future upgrade projects. Moorage fees are currently charged at a rate of \$39 per lineal foot, multiplied by the length of each vessel to determine the yearly fee. The City's historical total annual income, based on renting out 28 moorage spots, is summarised below in Table 1.

*Table 1: City Moorage Revenue*

<b>Annual City of Courtenay Marina Moorage Revenue</b>	
Year	28 Berths
2024	\$2,810
2023	\$2,630
2022	\$2,378
2021	\$2,270

2025 annual moorage rates per foot were sourced from other municipal marinas, including Port McNeill, Powell River, Comox, and Ladysmith, to provide a representative market overview. These are summarized under Option 4 below. It is important to note, however, that each marina offers superior levels of amenities. Unlike the Comox and Campbell River marinas, the Courtenay Marina has several usability and amenity limitations, which are reflected in its reduced rates. The Courtenay Marina lacks full boat accessibility (tide-dependent), dedicated marina facilities such as washrooms and parking, overnight parking, and on-site security.

### Appraisal

The City retained a qualified appraisal firm to provide an independent assessment of the market rental value of the subject lease, attached as Attachment 2. The appraisal concluded that the current market rental value of the property, operating as a marina in its existing condition and limited capacity, is \$10,100 per annum.

The appraisal was undertaken to estimate market rent for the vacant submerged lands, together with associated storage space located within the adjacent building. The scope of the appraisal expressly recognizes that the marina improvements are owned by the tenant, while the submerged lands are leased from the City. Accordingly, the analysis did not rely on competing moorage rates, as those rates reflect the operation and value of tenant-owned improvements rather than the market rental value of the underlying land.

The appraisal further identifies that there are very few truly comparable properties due to the unique characteristics of the subject lands. The property is atypical in that it consists of submerged land and is subject to use restrictions limiting it to marina operations. As such, the land does not offer utility for private commercial or industrial purposes.

Given these constraints, the appraiser selected a series of indicators where land use is similarly limited to public or institutional purposes. While no single indicator closely replicates the subject property, the indicators, when considered collectively, provide a reasonable range of market evidence for land with restricted utility and permitted use.

### Options

Staff have identified four options for Council's consideration regarding the future revenue model:

- Option 1 - Graduated Lease Rate (Recommended)
- Option 2 - Market Lease rate
- Option 3 - Static Lease Rate
- Option 4 - Status quo – Revenue share model

Regardless of which option Council chooses to proceed with, staff are recommending that the following updates be incorporated into the new lease agreement:

AMENDMENT	DETAILS OF AMENDMENT
To require payment of GST on top of Rent (revenue).	Streamlined administrative responsibilities and increased revenue.
To require boats in the marina to be owned by an owner who is a member of the Courtenay Marina Society (no subletting).	To ensure members only are enjoying use of the marina.

#### Option 1 - Graduated Lease Rate (Recommended)

Under option 1, the City would replace the existing revenue-sharing model with a fixed lease structure; however, the lease amount would increase gradually over the 5-year term up to the full market value (\$10,100 annually). The purpose of this approach is to phase out the current level of assistance to the Society, allowing time to adjust to higher lease costs while still moving toward full market value. Under this model, the annual lease would start at \$3,290 in the first year and increase by \$1,702 each year until it reaches the appraised market lease rate of \$10,100 per year. This option balances the City's objective of establishing a fair market return with the Society's operational capacity.

#### Option 2 - Market Lease Rate

Under Option 2, the City would replace the existing revenue-sharing model with a fixed lease structure at the appraised full market rental value. The lease would commence at \$10,100 per annum for the full five-year term, consistent with the independent appraisal of market rent.

This option immediately removes the current level of financial assistance provided to the Society and establishes a clear, transparent, and predictable lease arrangement. By setting the lease at full market value from the outset, the City achieves alignment with market-based principles and ensures an appropriate return on a municipal asset, while simplifying lease administration and reducing ongoing monitoring requirements associated with revenue-sharing arrangements.

#### Option 3 - Static Lease Rate

Under option 3, the City would transition from the current revenue-sharing arrangement to a fixed annual lease rate. The lease amount would be set at the estimated revenue the City would expect to receive under the status quo revenue share model and would generally align with the revenue currently anticipated under the historic ten percent moorage revenue model (\$3,290). This approach would eliminate the need for the Courtenay Marina Society to produce financial statements for revenue calculation purposes and would remove the City's administrative involvement in reviewing financial records and issuing variable invoices. A static lease rate would provide predictability for both parties and simplify administration.

#### Option 4 – Status Quo – Revenue Share

Should Council wish to proceed with option 4, status quo renewal, updated moorage rates must first be established. Due to the limited amenities at the marina, establishing a direct market comparator for

Courtenay Marina is challenging. Historically, market-rate differentials have been determined by identifying the moorage fees for 20-foot and 30-foot boats at other local facilities, then averaging those fees. Courtenay Marina’s market rate has historically been set at 50% of the calculated average to reflect its lower amenity and accessibility profile fairly. The same method has been applied to determine an updated market rate differential, as summarized below. Currently, the moorage rate charged in 2025 is \$39 per foot.

Boat Length (Ft)	Current Courtenay Marina Society	Proposed Courtenay Marina Society	Port McNeil Municipal Marina	Powell River Municipal North Harbour	Comox Municipal Marina	Ladysmith Community Marina
	Annual Rate (Ft)	<b>Annual Rate (Ft)</b>	Annual Rate (Ft)	Annual Rate (Ft)	Annual Rate (Ft)	Annual Rate (Ft)
20	\$39.00	<b>\$47.00</b>	\$51.19	\$85.44	\$90.60	\$136.20
30	\$39.00	<b>\$47.00</b>	\$51.19	\$94.08	\$108.12	\$136.20

Using the proposed moorage rate of \$47 per foot and the existing mix of 20-foot and 30-foot slips (14 each) at the marina, total anticipated revenue for the Marina Society is estimated at \$32,900 per year. The City’s share of this revenue is expected to be approximately \$3,290. Per the existing lease, staff would continue to add \$1 per foot to the annual rate moving forward if this option is pursued.

The current method of revenue collection requires the City to first obtain financial statements from the Courtenay Marina Society before invoicing the amount payable to the City. This process can be administratively cumbersome, as it relies on a small not-for-profit society to prepare and submit financial statements in a timely manner. Once the statements are reviewed, the City issues an invoice equal to ten percent of the moorage revenue collected. This approach results in a high level of administrative involvement in the Society’s operations.

Under the status quo option, staff are recommending the following amendments be made through the renewal lease to streamline administrative responsibilities and increase revenue.

AMENDMENT	DETAILS OF AMENDMENT
To increase moorage fees to \$47 per foot from the current \$39 per foot. Annual increases of \$1 per foot thereafter.	Increased revenue.
To require Rent to be paid for the prior year by February 15th of each current year of the term in respect of moorage fees collected.	Streamlined administrative responsibilities.
To require financial records for the year prior by February 15th of each current year of the term.	Streamlined administrative responsibilities.

**POLICY ANALYSIS:**

Based on the current market information, the difference between market value rent and the recommended lease amount is considered to be approximately \$6,810 annually; therefore, this amount each year is considered assistance to the Courtenay Marina Society and Council must provide notice pursuant to section 24 of the Community Charter:

*“Publication of intention to provide certain kinds of assistance*

*24 (1) A council must give notice in accordance with section 94 [public notice] of its intention to provide any of the following forms of assistance to a person or organization:*

*(a) disposing of land or improvements, or any interest or right in or with respect to them, for less than market value.”*

The City published a Notice of Disposition and Assistance in December 2025 and received no public feedback.

Area-Specific Profiles and Planning Direction Policies from the OCP

The City’s Official Community Plan includes reference to the Courtenay Marina as follows:

*“The Official Community Plan acknowledges the Courtenay Airpark and **marina facilities** serve an important role to the City and community plan policies support limited expansion of airport oriented commercial uses subject to Council approval. The Airpark and **marina facilities** are within the floodplain and future uses must be carefully considered. A precinct concept is envisioned in order that the wider area will continue to be a key destination for residents and visitors to experience and enjoy the public amenities and natural environment, while carefully accommodating new adjacent development where safe to do so. The applicable OCP policies are as follows:*

- 1. Initiate a process to develop a local area plan for the precinct in order to ensure the area continues to be a key destination for residents and visitors to experience and enjoy while providing clarity of land use goals for the publicly owned lands as well as direction to the development of privately-owned lands.*
- 2. **Support expanded recreational use of the marina including rowing facilities. Work with the Courtenay Marina Society as well as the wider public to develop the local area plan.***
- 3. In advance of a local area plan, any new developments in the vicinity must pay careful attention to the safety of the airport operation as well as impacts on traffic, view of the mountains, and trails.*
- 4. Work with the Airpark Association to assist them in obtaining a Temporary Use Permit (TUP) in order to address the current land use regulations on public land.”*

Staff are recommending that the lease terms be reviewed upon completion of this Local Area Planning process.

**FINANCIAL IMPLICATIONS:**

The operation of the Courtenay Marina is the sole responsibility of the Courtenay Marina Society. The Society is responsible for all operating costs, including utilities (electricity is metered), property insurance,

environmental liability insurance, and ongoing maintenance of both the marina and the City-owned premises. The City does not allocate any staff resources to marina operations.

With option 1, annual lease revenue starts at \$3,290 and increases by \$1,702 per year to \$10,100 by 2030. Total revenue over 5 years is anticipated to be \$33,475. Total City-provided lease subsidy over 5 years is \$17,025, assuming a 5-year market value lease of \$50,500 (\$10,100 x 5).

With option 2, annual lease revenue starts at \$10,100 and remains flat for the term of the renewal. Total revenue over 5 years is anticipated to be \$50,500 with no lease subsidy being provided to the tenant.

The City's estimated annual revenue under Options 3 and 4 is \$3,290 for 2026, increasing by \$1 per foot per year, or about 2.5%. Note that Option 1 is a lease amount based on Option 3's historic revenue share model. Total revenue over 5 years is anticipated to be \$17,280. The total City-provided lease subsidy over 5 years is \$33,220, assuming a 5-year market-value lease of \$50,500 (\$10,100 x 5).

**Annual Lease Revenue**

<b>Year</b>	<b>Option 1</b>	<b>Option 2</b>	<b>Option 3</b>	<b>Option 4</b>
2026	\$3,290	\$10,100	\$3,290	\$3,290
2027	4,992	10,100	3,370	3,360
2028	6,695	10,100	3,460	3,430
2029	8,398	10,100	3,540	3,500
2030	10,100	10,100	3,620	3,570
Total	\$33,475	\$50,500	\$17,280	\$17,150

Other Financial Support

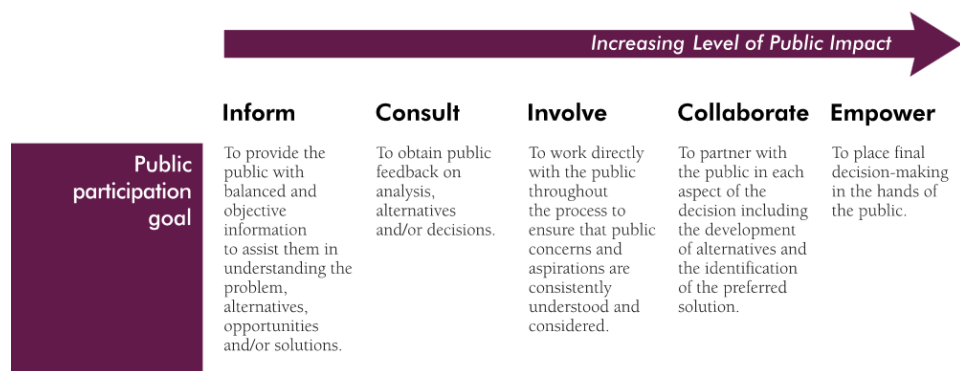
In October 2025, Council approved a one-year permissive tax exemption for 2040 Cliffe Ave which the marina occupies about 25% of the property, with an estimated 2026 value of \$29,935 of which about \$7,500 can be attributed to the marina.

**ADMINISTRATIVE IMPLICATIONS:**

The lease will be administered through the Financial Services Department.

**PUBLIC ENGAGEMENT:**

Staff would inform the public based on the IAP2 Spectrum of Public Participation:



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**OPTIONS:**

1. THAT based on the January 28, 2026 staff report titled “Courtenay Marina Society Renewal Lease”, Council authorize the renewal lease between the City of Courtenay and the Courtenay Marina Society for the property legally described as PID 004-154-665 Lot 1 Section 68 Comox District Plan 15512, with a graduated lease rate commencing at \$3,290 in the first year of the five year term and increasing annually to reach the appraised market value of \$10,100 per annum in the final year of the lease (option 1);

THAT Council delegate authority to the Chief Financial Officer to execute the renewal lease on behalf of the City; and,

THAT following the completion of the Local Area Plan for the Courtenay Airpark Precinct, staff be directed to report back to Council with an analysis of any implications for the Courtenay Marina Society lease.

2. THAT based on the January 28, 2026 staff report titled “Courtenay Marina Society Renewal Lease”, Council authorize the renewal lease between the City of Courtenay and the Courtenay Marina Society for the property legally described as PID 004-154-665 Lot 1 Section 68 Comox District Plan 15512, at an annual lease rate of \$10,100, subject to annual increases of two percent over the term of the lease (option 2);

THAT Council delegate authority to the Chief Financial Officer to execute the renewal lease on behalf of the City; and,

THAT following completion of the Local Area Plan for the Courtenay Airpark Precinct, staff be directed to report back to Council with an analysis of any implications for the Courtenay Marina Society lease.

3. THAT based on the January 28, 2026 staff report titled “Courtenay Marina Society Renewal Lease”, Council authorize the renewal lease between the City of Courtenay and the Courtenay Marina Society for the property legally described as PID 004-154-665 Lot 1 Section 68 Comox District Plan 15512, at an annual lease rate of \$3,290 with annual increases of two percent over the term of the lease (option 3);

THAT Council delegate authority to the Chief Financial Officer to execute the renewal lease on behalf of the City; and,

THAT following the completion of the Local Area Plan for the Courtenay Airpark Precinct, staff be directed to report back to Council with an analysis of any implications for the Courtenay Marina Society lease.

4. THAT based on the January 28, 2026 staff report titled “Courtenay Marina Society Renewal Lease”, Council authorize the renewal lease between the City of Courtenay and the Courtenay Marina Society for the property legally described as PID 004-154-665 Lot 1 Section 68 Comox District Plan 15512, with lease consideration structured as ten percent of gross moorage revenues, based on a starting moorage rate of \$47 per foot and annual increases of one dollar per foot (option 4);

THAT Council delegate authority to the Chief Financial Officer to execute the renewal lease on behalf of the City; and,

THAT following the completion of the Local Area Plan for the Courtenay Airpark Precinct, staff be directed to report back to Council with an analysis of any implications for the Courtenay Marina Society lease.

5. THAT Council provide alternative direction to staff.

**ATTACHMENTS:**

1. Existing Lease
2. Marina Appraisal Market Rent

Prepared by: Maris Russell, Real Estate Technician  
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Concurrence: Geoff Garbutt, M.Pl., MCIP, RPP, City Manager (CAO)