

# The State of Nanaimo's Harbour

Presentation to City Council  
14 November 2016

Nanaimo Marina  
Association

In Collaboration with:



**BOATINGBC**

# Overview of Our Presentation

- Introduction of the Nanaimo Marina Association and Boating BC
- Importance of the Harbour to Nanaimo
- Economic Benefits of Nanaimo's Harbour
- NPA upends the Marina Market
- Solutions
- Discussion, Questions and Answers

# Nanaimo Marina Association

- Newcastle Marina: 140 berths
- Anchorage Marina (Asia Pacific Yacht Group): 128 berths
- Blue Nose Marina (Harbour City Entertainment): 35 berths
- Palms Marinaside Resort: 100 berths
- Harbour Homes Marina: 20 berths
- Waterfront Suites and Marina: 80 berths
- Townsite Marina: 135 berths
- Channel View Marina: 70 berths

# Boating BC

- The voice of recreational boating since 1957
- Ensuring that boating is viable and sustainable is central to our mandate
- Membership of over 300 companies and stakeholders, including a sector group that is dedicated to marina management
- Support Nanaimo Marina Association's efforts to have a fair and equitable lease rate to ensure a healthy and sustainable marine industry for Nanaimo

# The Harbour City

- In 1986, Nanaimo officially adopted the designation of “The Harbour City”
- Our beautiful harbour is considered the heart and soul of the city.
- The harbour is the location of the main communal activity of the citizens of Nanaimo – walking along the seawall.
- The Marinas along the harbour are an integral element of its vitality.



The Visit of Their Royal Highnesses  
The Prince and Princess of Wales  
Officially Designating Nanaimo as  
“The Harbour City”

1986 May 1st

Nanaimo

Diana



# Major Economic Driver

- Provincially, boating is a \$1.7 billion dollar industry
- Vancouver Island's economy is heavily reliant on the marine industry
- Marine-based economy include:
  - Moorage for boaters
  - Boating education, clubs and associations, ie Power and Sail Squadrons and Yacht Clubs
  - Yacht servicing, ie. Boatyards, shipyards, mechanical, electrical services
  - Commercial fishing
  - Eco-tourism, ie. Whale watching, fishing/boat charters, scuba diving
  - Paddling, and other recreational water-based activities
- Nanaimo is a major destination for boaters around the world
  - Geographically, the Harbour City is home to region's best boating waters

# We don't want this ship to sail...

- The Harbour in general, and the Marinas in particular, are the gateway to this \$1.7 billion dollar industry and must be managed as such.
- We are located in the centre of the Salish Sea along its major boating pathways – a natural advantage if we properly market, price and provide the proper amenities through our marinas.
- If we don't have viable marinas, we cut the harbour, and the city, off from this \$1.7B economy.
- We shouldn't even be contemplating that possibility. We can work together, as we have in the past, to build a vibrant harbour.

# Challenges to Economic Viability

- NPA rates put into question the viability of marina businesses
- NPA massively and unexpectedly raised rates in 2012
- NPA uses a new model of appraisal based on upland value
- Marina A went from \$17k to \$96k from 2009 to 2013, a 450% spike
- Marina B leased out its berths for 25 years on past practice of NPA, then NPA raised rates from \$33k to \$112k, totally destroying the economics of the marina
- Marina operations cannot recover lease increases by passing on fees to consumers
- Increasing fees on end users is driving business out of Nanaimo



# Provincial Model Works

- Provincially managed areas of harbour are based on income
- The fixed rate of 4% of potential income is fair and equitable
- Continue to provide return to government, while allowing modest prices for consumers and modest profits for operators.
- NPA rate increase has created drastically different scenarios for marina operators from the northern part of Newcastle Channel to the southern part.
- At the same time it raises our rates and creates an uneven playing field between provincial and federal marinas, the public manager of the Harbour (NPA) privately competes with all of us as the operator of the Boat Basin Marina.



**Nanaimo Marinas in  
Province of BC  
Jurisdiction**

**Nanaimo Marinas in  
Port Authority  
Jurisdiction**

**Port Authority  
Operated Marina**

Nanaimo

Google Earth

2003

Imagery Date: 8/18/2016 49°10'45.16" N 123°56'24.62" W elev 0 m eye alt 3.02 km



# More Problems with NPA Rate Policy

- NPA says it charges 'Fair Market Value'
- Fair Market Value is open to interpretation
- NPA is using Upland Fee Simple Market Value to determine Water value
- Upland Fee Simple Property has no relevance to a marina business
- The NPA's rate scheme is among the highest in Canada and is based on a gross misinterpretation of what "fair market value" truly means

# Preventing Investment in Harbour

- High NPA Lease Rates are preventing re-investment in marinas and public amenities.
- Over \$50 million worth of marina infrastructure and public access is in jeopardy due to marina owners' inability to afford NPA Lease Rates
- Marinas cannot operate in an anti-competitive environment
- Nanaimo marina businesses will fail if NPA continues to charge unfair lease rates
- Nanaimo's harbour risks further decay if immediate changes are not made

# On-going Dispute For Three Years

- NPA refused to negotiate or listen to marina industry – speaks to wider cultural problem with how NPA operates
- Leases were forced upon business with no warning, nor arbitration
- NPA finally began to listen once Marina Owners went public in 2016
- Port Authority met with owners in October 2016
- Port officials said rate increases were directed by Ottawa
- Port officials finally listened to industry and said that they will advocate on industry's behalf at an upcoming meeting with Deputy Minister in Ottawa, later this month (November 2016)
- Industry is hopeful that the NPA will successfully lobby Ottawa to change rules of Canada Marine Act to enable a fair lease model

# Solutions

- Implement a Lease Rate based on the marina business's income
- Stop using faulty model of Upland Value to determine Water lot Lease
- Provincial Model and Society Model are Fair and Equitable alternatives
- Income approach is “Fair Market Value” because it is driven by what the “Market” ie. Customers, can afford

# Time of Change

- The federal government is interested in off-loading Port properties  
\*\* See attached articles
- Under the “Asset Recycling Program” Snuneymuxw First Nation, the City of Nanaimo, Marina operators and the Community-At-Large should form a not-for-profit Society to become official stewards of Nanaimo’s waterfront
- Federal and Provincial officials have indicated that they would support Nanaimo’s efforts to return the Harbour to the community

# Victoria, BC – A Home Grown Solution

- In collaboration with First Nations, City of Victoria, and the Community-At-Large, a society was formed in 2002 called: The Greater Victoria Harbour Authority (GVHA)
- It is a not-for-profit society and became the official steward of the water lots located within Victoria's inner harbour after Transport Canada transferred the property to the GVHA
- Creating a Nanaimo Harbour Authority, gives Nanaimo's greatest asset back to the community
- Marina operators would pay lease fees to the society keeping the dollars in the community



# Marina Association Proposes Council Motions

- 1) Council move to support Nanaimo Marina Owners, also known as the Nanaimo Marina Association, in their efforts to change the Nanaimo Port Authority's Lease Rate scheme; so that it becomes a model based on the marina business's income.
- 2) Council support efforts to work with Snuneymuxw First Nation, the City of Nanaimo, the Marina industry and the Community-At-Large to form a not-for-profit Society tasked with becoming the official steward of Nanaimo's water lots

Questions / Comments / Ideas