

Colliers Scope of Work

Turkey Head (Spewhung) Marina Lease Expressions of Interest

BACKGROUND/HISTORIC CONTEXT

The District of Oak Bay has a 5-year lease with Oak Bay Marine Group (OBMG) to operate the marina at Turkey Head (Spewhung Point), at 1327 Beach Drive. The lease expires at the end of 2027.

The District has leased a water lot from the Province until 2052. The water lot has been subleased to OBMG until the end of 2027 to accommodate the marina's docks. The District can only commit the water lot as being available until the end of 2052. There is no guarantee that the Province would approve extensions. Sublease or assignment of the water lot requires Provincial consent.

The marina lease gives the District an option to, at the end of the lease, purchase OBMG's docks. The District may exercise this option by advising OBMG of this desire sometime between January 1, 2027 and June 30, 2027. After that, the option to purchase the docks will lapse. The lease sets out that the purchase price will be the fair market value of the docks and appurtenances less \$100K, to be paid in cash. In 2020, as part of a full-site appraisal but without the benefit of a condition assessment, the docks were identified as having an effective age of 30 years, with a remaining economic life of 25-30 years and were appraised at approximately \$9M. A dock condition assessment (available on Connect Oak Bay) was subsequently completed by Herold Engineering. Engineers concluded that the dock is in fair to good condition overall. Areas of localized damage and deterioration were noted but no major safety concerns were identified.

Council has identified the following objectives for the District with respect to the future use of the Turkey Head (Spewhung) site:

- First Nations partnership;
- Sustainable financial return;
- Site activation and public use; and
- Environmental stewardship

Songhees and Xwsepsum Nations have identified the following objectives with respect to the site:

- Revenue generation;
- Cultural presence;
- Job creation; and
- Environmental stewardship.

The Nations have also shared that it is important that Oak Bay residents understand and see the Turkey Head (Spewhung Point) site as traditional territory. The Nations see an opportunity for Songhees and Xwsepsum peoples to tell their story and be culturally present at Turkey Head (Spewhung Point).

Community Charter, section 25(1)) states that the District cannot provide assistance to business. This means that the District must obtain market value for any lease to a commercial entity.

In the context of a five year lease, the District is annually receiving approximately \$141K in building rent and approximately \$96K from sublease of the water lot (total of \$237k annually).

Previous work has been undertaken by Colliers that identifies technical options and financial considerations associated with this project.

Towards eventually potentially achieving a lease that meets District requirements and responds to community needs, the District wishes to invite identified parties to submit Expressions of Interest (EOI) for operating a marina within the context of the following parameters:

1. District to receive market value for the marina lease (Community Charter 25(1) requirement);
2. District to retain ownership of the land (meaning that the arrangement would be a lease, with timeline to be negotiated);
3. District to assume no role in funding, constructing or maintaining any of the Marina Sales and Service buildings; and
4. Marina services and moorage for motorized and unmotorized vessels to continue uninterrupted (other than possible short-term interruption to allow for new docks to be installed).

The portion of the site on which Expressions of Interest are being sought is only the portion of the site occupied by the two Marina Sales/Service buildings and the water lot. The scope does *not* include the restaurant/coffee shop building nor the parking lot area.

The long-term future of the *full* site will be resolved through a community visioning process to potentially be undertaken concurrently to the EOI process. It is acknowledged that as part of any future marina lease negotiations, some commitments relating to the larger site would likely need to be made to allow a marina to operate (e.g. parking spaces). The District is open to EOI respondents sharing ideas/interest in the remainder of the site.

SCOPE OF WORK

The consultant will:

1. Seek from three identified parties (Songhees Nation, Xweseptsum Nation and Oak Bay Marine Group) Expressions of Interest aligned with District-identified parameters, that supply enough information to allow Council to determine whether it wishes to enter into more detailed discussions and negotiations with none, one or more parties.
 2. In addition to the information set out above, ask identified parties to provide information on plans for: a. docks (District's preference is that they be replaced) and b. moorage slips for Songhees Nation and Xweseptsum Nation use.
 3. Ensure that:
 - invitees are provided relevant background material (water lot lease terms and management plan, facility and dock condition assessments, lease provisions relating to District purchase options for dock etc.) – note, most of these are available on the District's website;
 - invitation fulfills legal/procedural fairness requirements;
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- invitation leaves room for Council to negotiate details of a lease agreement with none, one, or more proponents;
 - all invitees are informed of all other invitees' identities; and
 - invitees are invited to potentially partner with each other on operating the marina.
4. Provide District staff with opportunity to review call for EOI before it is distributed to invitees.
 5. Respond to questions from potential interested parties (i.e. these are not to be deflected to District staff or Council).
 6. Evaluate any Expressions of Interest submitted.
 7. Prepare a summary report.
 8. Present summary report to Council and answer related questions (June).
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