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# HALDIMAND COUNTY

## Report LSS-03-2025 Request for New Lease - Dunnville Boat Club - 102 Hydro Street, Dunnville



For Consideration by Council in Committee on May 20, 2025

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### Objective:

To obtain Council approval to enter into a new lease with the Dunnville Boat Club for 102 Hydro Street, Dunnville.

### Recommendations:

1. THAT Report LSS-03-2025 Request for New Lease – Dunnville Boat Club – 102 Hydro Street, Dunnville be received;
2. AND THAT a lease be entered into with the Dunnville Boat Club for property legally described as PIN 38124-0057 (LT) Part Lot 7-8 Plan 13558 Parts 3 and 4, 18R2350; Haldimand County, and municipally known as 102 Hydro Street, Dunnville for an initial 10-year term, with a 10-year renewal and a subsequent 5-year renewal, for a potential total of 25 years;
3. AND THAT that staff be authorized to reflect the starting lease rate included within Option 3, including annual CPI adjustments if Haldimand County opts to purchase new day-use docks and the Dunnville Boat Club agrees to assume responsibility for their maintenance;
4. AND THAT if the Dunnville Boat Club does not agree to assume responsibility for the maintenance of new day-use docks as noted above and as outlined in the report, staff be authorized to reflect the starting lease rate included within Option 2, including annual CPI adjustments;
5. AND THAT the Mayor and Clerk be authorized to execute all necessary documents.

**Prepared by:** Lori Friesen, Manager, Legal & Support Services

**Respectfully submitted:** Megan Jamieson, CHRL, General Manager, Corporate & Social Services

**Approved:** Cathy Case, Chief Administrative Officer

### Executive Summary:

The Dunnville Boat Club (DBC) has leased County-owned waterfront property since 1950, helping to transform undeveloped land into a valuable community asset. Currently operating under a 10-year lease for the property located at 102 Hydro Street, Dunnville (Attachment 1), the DBC seeks to enter into a new 25-year agreement, citing its commitment to fostering intergenerational connections through a shared passion for boating and community.

Throughout the current and previous lease terms, the DBC has made substantial capital and infrastructure investments on the leased property. Additionally, as a condition of the lease, the DBC will support continued public access to its privately owned boat launch through a reasonable user fee system and provide/maintain transient docking services.

Staff support the request for a 25-year lease structure and recommend dividing the term into an initial 10-year period, followed by a 10-year renewal and a final 5-year renewal. This approach offers operational stability for the DBC while enabling the County to conduct periodic reassessments to

address evolving priorities and market conditions, ensuring a balanced approach between flexibility and long-term planning.

For the reasons outlined above, as well as in the report, staff recommend maintaining a below-market lease rate, to acknowledge the benefits of this partnership and the public, that is formalized in a lease agreement. Staff have proposed two different lease rates based upon the DBC willingness to accept the assumption of ownership of new day-docks to be located adjacent to 102 Hydro Street if desired by Haldimand, with the DBC being responsible for maintenance, seasonal installation/removal, general upkeep and replacement of the docks at their own cost when they reach the end of their lifespan.

## **Background:**

The Dunnville Boat Club (DBC) has leased the building at 102 Hydro Street, Dunnville, since 1950 under successive lease agreements. The current 10-year lease which commenced on May 5, 2016, includes a below-market lease rate of \$211 plus HST, subject to annual Consumer Price Index (CPI) adjustments, with the current (2024) rate of \$279.19. The rationale for this below-market rate was outlined in staff report PED-COM-28-2013 and approved by Council, which acknowledged the DBC's contributions to Haldimand County, as detailed below:

- **Public Access and Services:** The DBC committed to providing public access to their privately owned boat ramp at reasonable rates. The lease formalized the DBC's responsibility for managing transient docks for public day use and overnight mooring, providing washroom and shower facilities for boaters mooring overnight, and for seasonal placement, removal, and maintenance of the docks. After mutual discussion between the parties, the use of transient docks for public day use has not been feasible. All other items have been adhered to.
- **Capital and Infrastructure Improvements:** The DBC undertook significant capital and infrastructure improvements at their expense including installing a new roof and siding on the building and replacing the existing perimeter fence with a decorative fence.
- **Operating Costs:** The DBC covers ongoing operating expenses for the building such as water bills, property taxes and increased insurance costs related to providing public access to their boat ramp and facilities.

Although the current lease does not expire until May 2026, the DBC submitted an application proposing either the outright purchase of the property or a 100-year lease agreement. In their application, the DBC noted that they have undertaken numerous upgrades to the building and transformed what was undeveloped and swamp lands to create the existing property.

Staff circulated these proposed options to County divisions, utilities, and the Grand River Conservation Authority for feedback. The overwhelming response did not support either option. Selling prime waterfront property is not a County-supported practice unless there is substantial justification. Additionally, a 100-year lease would restrict the County's ability to adapt to future needs.

This feedback was shared with the DBC, and both parties agreed to explore alternative options. A meeting in November 2024 – attended by members of the DBC, two local Councillors, and staff, facilitated open discussion and the development of an alternative proposal.

## **Key Discussion Points:**

- **Parking:** The DBC raised concerns about parking overcrowding, especially on weekends, which affects boat ramp usage. Potential users have reported that limited parking discourages purchasing annual boat ramp passes, opting instead for pay-as-you-go access or going somewhere else and avoiding this area due to the parking congestion. Given the constraints of the surrounding area (i.e. existing developed conditions), it was noted that adding parking was likely not feasible.

- **Transient Docks:** As part of the lease, the DBC provides two transient docks including for overnight mooring at \$50 per night which also grants access to washroom and shower facilities. Although this is not advertised, the DBC stated that they have seen an increase in users returning. The DBC has stated that they are willing to continue managing these docks in a future agreement.
- **Boat Ramp:** Owned by the DBC, the boat ramp is available to the public for a \$10 fee via an honour system. The DBC is considering increasing the fee to \$15, contingent on implementing a card reader system for debit/credit payments. An annual pass is currently available for \$120.
- **Emergency Dock Access:** One dock remains accessible at all times for emergency services, including the OPP, Fire Department, Coast Guard, RCMP, Border Services Canada, and research vessels.

The DBC also provided supplementary information highlighting its history, guiding principles, and community involvement:

- **DBC History:** Established in 1950, the DBC has been a cornerstone of the Dunnville waterfront for nearly 75 years. In 2025, the DBC plans to celebrate its anniversary with a summer event.
- **Guiding Principles:** The DBC emphasizes community engagement, member contributions, and charitable efforts, donating approximately \$3,000 annually to local organizations such as the Thompson Creek Breakfast Club, Salvation Army, and Dunnville Hospital and Healthcare Foundation.
- **Membership:** The DBC is an exclusive membership based organization not open to the general public. The DBC has 141 members, including 66 full dock members, 29-day dock members, and 46 social members; with membership being multi-generational.
- **Expenses:** During the current lease term, the DBC has invested \$150,000 in capital improvements, with \$22,500 planned for additional upgrades. Annual operating costs are approximately \$21,000, covering insurance, property taxes, utilities, and maintenance.

At the meeting's conclusion, the DBC amended its request, seeking to enter into a 25-year lease while continuing to pay a below-market rate, citing the same rationale as the previous lease.

## **Analysis:**

As part of any application to lease County-owned property, staff conduct a due diligence review that includes consultation with relevant County divisions and an assessment of market conditions to evaluate financial implications, risk, liability and community impact.

## **Considerations**

### **Financial:**

Under the Municipal Act, 2001, municipalities are permitted to lease property below market value; however, this must be done in a transparent and accountable matter. To determine the current market lease rate, staff conducted a review of lease rates across Haldimand County, as well as in other municipalities with marina type settings.

Within Haldimand, six commercial properties were available for lease in the Townsend, Caledonia, Hagersville and Cheapside areas. The average lease rate among these properties was \$2.52 per sq. ft. However, no comparable properties were identified that offer a premium riverside location.

Outside of Haldimand, staff noted that both the City of Toronto and Port Colborne lease marina-type properties using fee structures that incorporate a CPI adjustment and a percentage of gross revenues from the tenant. These properties are leased to for-profit businesses that generate revenue through

services such as supplying fuel, boat and motor servicing, wrapping and related services. By contrast, the DBC is a private club that offers limited services to the public.

It is also prudent to consider the adjacent County-owned property—the waterfront pavilion and associated parking stalls located at 218 Main Street East—which is currently utilized by the Dunnville Farmers Market. Both the Farmers Market and the DBC contribute positively to the community by offering amenities and services to residents and visitors. The rental fee collected from the Farmers Market is approximately \$1,500 to \$1,600 (April to December), operating two half days per week. A significant distinction between the two arrangements is that the DBC is fully responsible for all annual operating costs associated with its facility, totaling approximately \$21,000 annually. This level of financial responsibility is not required of the Dunnville Farmers Market.

### **Risk and Liability:**

There are several risk and liability factors that must be carefully evaluated—most notably, the proposed lease term, which could significantly limit the County’s ability to adapt the use of this waterfront property in response to future strategic, environmental, or operational needs. Entering into a lease below market value without clearly demonstrated general public benefit may not only result in forgone revenue, but could also raise concerns regarding fairness, transparency, and responsible management of public assets. Additionally, offering preferential terms may set an undesirable precedent, potentially leading to similar requests from other organizations and placing pressure on Haldimand to apply inconsistent standards.

If roles and responsibilities are not clearly defined within the lease, the County could face increased exposure to liability in areas such as public safety, environmental compliance, and facility maintenance. Furthermore, the absence of strong indemnification and insurance provisions could leave the County vulnerable to third-party claims and legal or financial disputes.

These risks, however, can be substantially mitigated through a well-structured lease agreement. Clearly outlining the DBC’s obligations—particularly with respect to operations, maintenance, insurance coverage, and indemnification—ensures appropriate transfer and management of liability. In addition, any lease offered below market value must comply with the transparency and accountability requirements set out in the Municipal Act, 2001, and be supported by a clear and documented rationale. Defining permitted uses and performance standards within the lease will help ensure the property is managed in a way that aligns with the County’s long-term objectives and serves the broader public interest. To safeguard Haldimand County’s interests over the lease term, the agreement should also include monitoring provisions and allow for periodic review or audit of operations as appropriate.

### **Community Impact:**

Tourism is a key economic driver for Haldimand County and the Grand River represents a significant, yet underutilized, asset in the County’s tourism landscape. Earlier this year, Council approved the Lower Grand River Visitor Experience Strategy (VES) – a planning and investment tool that will guide in enhancing tourism in Haldimand County by improving visitor engagement and maximizing the potential of the Lower Grand River. The VES provides direction on activating and enhancing tourism along the Grand River aiming to boost economic growth, enrich community life and enhance visitor experiences. Key initiatives include improving river access, expanding recreational activities and promotion of cultural and historical attractions.

The DBC is located in the Dunnville Waterfront Park, a prime location for exploring the potential of enhanced tourism offerings and one of the limited developable river-front municipally-owned properties in Haldimand County. Moving forward, it will be important for the DBC to continue to work closely with Haldimand County and to be a willing partner on opportunities to enhance tourism offerings in the area. As included in the previous lease agreement, it remains essential for DBC to continue to provide appropriate transient docking along with access to washroom and shower facilities for overnight users

and potentially day users as noted below under the Future Lease Terms section. Additionally, maintaining public access to the boat ramp is critical, as the loss of this access would significantly impact recreational boating opportunities south of the Dunnville Dam. The area also serves as a dedicated emergency dock, which is vital for supporting marine safety and emergency response operations.

## **Dunnville Boat Club Lease Details**

### **Current Lease Terms:**

A 10-year lease commenced on May 5, 2016, with a below-market rate of \$211 plus HST, subject to annual CPI adjustments. The initial lease rate was aligned with the 2016 Request for a Lease Application fee, which was \$211 + HST. For information purposes, the 2025 Request for a Lease Application fee is \$264 + HST.

The leased property consists of a building of approximately 1,405 square feet, ancillary space (covered area) of approximately 587.5 square feet, and occupies a lot size of approximately 0.2 acres (8,712 square feet).

### **Future Lease Terms:**

If Council approved the lease request from the DBC, all current lease requirements would remain as status quo, including the provision of transient docks with the use of shower and washroom facilities for overnight users, a dedicated emergency service dock or method to enable quick access for emergency docking service, and public use of the boat ramp at a reasonable rate.

New requirements would include the DBC submitting an annual report to Haldimand within 30-days of the end of each seasonal dock removal. This report would include statistical data on seasonal usage of the docks and boat ramp.

Additionally, the lease would include a provision stating that if Haldimand County opts to add new day-use docks adjacent to the leased property (at the County's expense), the DBC will assume ownership of the docks. The DBC would then be responsible for maintenance, seasonal installation and removal, general upkeep and replacement when the docks reach the end of their lifespan. If additional docks are installed, the intent is that they will be available to the public at no charge to users (no fee collection responsibilities for DBC). Staff would work with DBC to establish hours of operation for the new transient docks and promote the availability of the docks through the County's tourism marketing program.

Economic Development and Tourism will be responsible for the lease administration and monitoring compliance to the lease.

### **Lease Rates (Options for Council Consideration)**

The following outlines potential options in response to the Dunnville Boat Club's (DBC) request to lease 102 Hydro Street, Dunnville, for a 25-year period at a below-market annual rate of \$264, subject to annual Consumer Price Index (CPI) adjustments. Under the proposed terms, the DBC would continue to provide public access to its boat ramp at reasonable rates, manage transient docks—including seasonal installation, removal, and maintenance—and offer washroom and shower facilities for overnight boaters. In addition, the DBC has committed to making further capital improvements, with plans to invest approximately \$22,500 in enhancements to the building. The organization would also remain responsible for all ongoing operating costs associated with public access, including water bills, property taxes, and insurance.

#### **Option 1 - Charge Market Lease Rate:**

Although no clear market lease rate was found for a waterfront or marina-type property leased by a private club providing some services to the public, the best available benchmark is the per square

foot lease rate for commercial properties within Haldimand County – being \$2.52 per square foot per month. Based upon this rate the estimated annual lease value for the subject property would be \$21,954.24 plus HST.

While some commercial leases require tenants to cover capital costs, such as HVAC or roof replacements, others do not. Staff were unable to determine if the lease rates for the comparable properties within Haldimand County included or excluded capital expenses.

### **Option 2 - Apply Market Lease Rate to Building Only:**

To offset the full market rate, an option exists to apply the lease rate only to the building and ancillary space (covered area attached to the building) totalling approximately 1,992.5 square feet, excluding that green space. Under this option, the annual lease would amount to \$5,021.10 plus HST.

The building and ancillary space is the primary space for intended occupancy, making it more relevant for a basis of calculating the lease rate. The surrounding land, while fenced, provides visual vistas of the water and green space, which aligns with the adjacent Garfield Disher Park.

### **Option 3 - Apply a Reduced Rate**

Consideration may be given to applying a 50% reduction to the lease rate for Option 2. This adjustment would result in an annual lease rate of \$2,510.55 plus HST.

This approach offers a more favorable rate for the DBC, in recognition for the public benefit they provide, while still ensuring that the lease reflects the primary space used for operations.

### **Option 4 - Maintain Current Rate Structure**

Maintain the current rate structure as proposed. The lease rate for 2026 will be determined once the 2026 User Fee Schedule is finalized and the annual CPI increase is added. Typically, this results in a 3% increase from the previous year's rates. Based on this adjustment, it is estimated that the approximate annual 2026 lease rate would be \$271.92 plus HST. This is not a recommended option as the Dunnville Boat Club facility is exclusive to its members and not open to the public with the exception of use of the transient docks.

### **Staff Recommendation**

If Haldimand County opts to purchase new day-use docks and the Dunnville Boat Club (DBC) agrees to assume responsibility for their maintenance, as outlined above, staff would support proceeding with Option 3. This option offers a significantly discounted lease rate and strikes a balance by acknowledging the DBC's planned capital investment, continued public access to the boat ramp, and availability of transient docks. It also reflects the fact that the DBC is a private members' club, and that the general public does not have unrestricted access to the lands within the leased area.

If the DBC does not agree to assume responsibility for the day-use docks, staff recommend proceeding with Option 2.

In either case, staff recommend entering into a lease with the DBC for a total term of 25 years (structured as an initial 10-year term, with a subsequent 10-year renewal and an additional 5-year extension). Leasing this property to the DBC aligns with Haldimand County's Strategic Plan - under the "Future Ready" and "Economic Vitality" themes—supporting infrastructure reliability through responsible maintenance and enhancing tourism by providing access to day-use and transient docking and the public boat ramp serving the lower Grand River and downtown Dunnville.

## **Financial/Legal Implications:**

All revenue from the lease if approved, will be contributed to the Land Sales Reserve.

All costs incurred by the County to date are off-set through the non-refundable application fee.

## **Stakeholder Impacts:**

Staff from Community & Development Services, Economic Development & Tourism, Community Development & Partnerships as well as Legal & Support Services have participated in discussions with the DBC which is the basis of this report and subsequent recommendations.

The lease will be administered by Economic Development & Tourism.

## **Report Impacts:**

Agreement: Yes

By-law: No

Budget Amendment: No

Policy: No

## **References:**

1. PED-COM-28-2013 Dunnville Boat Club Lease Extension (available upon request)

## **Attachments:**

1. Map of Lease Area
2. Draft Lease Agreement