



Date: July 11, 2002

TO: Board Members - Parks and Recreation
FROM: General Manager - Parks and Recreation
SUBJECT: KITSILANO YACHT CLUB - RENEWAL OF OPERATING AGREEMENT

RECOMMENDATION

THAT the Board renew the revised Operating Agreement with the Kitsilano Yacht Club for five years from May 2002 - May 2007, subject to the approval of the General Manager and Director of Legal Services for the City of Vancouver.

BACKGROUND

The Kitsilano Yacht Club was established in 1934 and incorporated in 1936. The group built the existing small facility and have run the Club successfully ever since. They maintain and operate the facility at no cost to the Board. The Club as a non profit society offers opportunities for recreational and competitive sailing for its members including seamanship and boat safety training and instruction. Boat storage for members is also available.

The Club presently has 125 members and membership is open to the public.

The Yacht Club's most recent Operating Agreement expired May 16, 2002 and is proposed to be renewed with another 5 year term. In our discussions regarding the terms and conditions of the Agreement the Club has requested three revisions:

1. That guests of members of the Club be permitted to be participants in their sailing activities.
2. That their liability insurance deductible be established at \$5000 from the previous \$2500.
3. That the Board give the Club one year's written notice if it requires the facility for its use and terminates its agreement with the Club.

DISCUSSION

The Kitsilano Yacht Club has observed and performed under the terms and conditions in their current agreement and deserve an operating license for a further 5 years. The new Operating Agreement would run from May 2002 to May 2007.

The changes requested by the Club have also been considered by staff and are being recommended to the Board.

Presently, guests of Club members are able to participate in social events but other activities are limited to Club members only. The interest in expanding activity participation opens up the use of the Club to additional people who may be encouraged to join as members.

Costs of insurance continue to increase and for a small club the difference in premiums between a deductible of \$2500 to a deductible of \$5000 will save them money. The Club's overall liability coverage remains at \$5 million. Our Risk Management staff have reviewed this request and support the increase of the deductible.

Although there has been a long standing relationship with the Yacht Club on this site, their executive are concerned that an existing clause in the agreement that could require them to find a new location within a 6 month period if the agreement were terminated, would be difficult for them to achieve. They have requested that they be given notice of one year if the Board were to require the site for its own use and terminate this agreement.

This is not an unreasonable request given the Club's specialized needs and a somewhat limited supply of other sites. Other clauses continue to protect the Board with immediate or shorter notice periods in the event the Club is no longer non profit, becomes insolvent or the facility is destroyed.

SUMMARY

The Kitsilano Yacht Club has requested changes to 3 clauses in their new Operating Agreement for 2002-2005. Staff have reviewed and agree with these changes. We are recommending that the Board approve the Agreement with the proposed changes.

Prepared by:

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