



Date: March 3, 2003

TO: Board Members - Parks and Recreation
FROM: General Manager - Parks and Recreation
**SUBJECT: GRANVILLE ISLAND FERRIES LTD. - RENT REVIEW
AND RENEWAL OF LICENSE AGREEMENT FOR USE
OF DOCK AT AQUATIC CENTRE**

RECOMMENDATION

- A. THAT the Board extend the license agreement with Granville Island Ferries Ltd. for the dock at the Aquatic Centre for three years, for the period January 1, 2003 to December 31, 2005.
- B. THAT the license fee be set at \$11,980 for 2003, with increases in 2004 and 2005 based on inflation.
- C. THAT if the City of Vancouver executes a Master Agreement with the ferry companies for use of docks throughout False Creek before the expiry of this three year term, the terms of the Master Agreement will supercede this license agreement.
- D. THAT no legal rights shall arise and no consents, permissions or licenses are granted hereby and none shall arise or be granted hereafter unless and until all contemplated legal documentation has been executed and delivered by all parties.
- E. THAT once the form of all legal documentation has been approved by the General Manager and Director of Legal Services for the City of Vancouver, that the General Manager be authorised to execute and deliver such documentation on behalf of the Board.

BACKGROUND

Granville Island Ferries Ltd. (GIF), which operates as False Creek Ferries, has provided a year round passenger ferry service from the dock by the Aquatic Centre since 1983, when it was the successful proponent in a Request For Proposals process. GIF's ferries currently run directly from that dock to both Granville Island and Vanier Park. From Granville Island, they connect to ferry docks further east in False Creek.

GIF pays an annual license fee to the Board for use of this dock. In 2002, this fee was \$11,660. The latest three year agreement with GIF expired on December 31, 2002. GIF has requested an extension.

The Board has a 30 year lease with the Province of British Columbia for the water lot into which this dock extends, which expires in 2015. The Province has been charging the Board an annual lease fee in respect of this water lot which is generally 50% of the license fee paid by GIF to the Board.

DISCUSSION

Comparison of arrangements for Aquatic Centre and Hornby St docks

GIF constructed, and is responsible for maintaining, the ramp and dock at the Aquatic Centre. From 1983 to 1993, GIF's rent was discounted to allow for its initial capital expenditure and further improvements. From 1994, rent was set on the understanding that the capital investment had been fully amortized and GIF's rent for its dock were brought up to a level comparable to the rents charged by the City to Aquabus at the City owned dock at the foot of Hornby St. Aquabus is the only other company operating a passenger ferry service in False Creek similar to that provided by GIF.

GIF's Aquatic Centre dock and Aquabus' Hornby St. dock are the two companies' main links to the West End and Downtown. The following summarises the respective arrangements for these docks:

Dock	Ferry Company	licensor	ramp & dock	responsibility for repairs & maintenance	ferry company and boater access
Aquatic Centre	Granville Island Ferries	Board	built by GIF owned by Board	GIF responsible for all repairs & maintenance	GIF has exclusive access
Hornby St.	Aquabus	City	built & owned by City	City responsible for structural repairs, Aquabus responsible for minor repairs & regular maintenance	Aquabus has exclusive ferry access, private boaters can also use the dock

The two companies are considered to be operating in broadly equitable situations. The advantage to Aquabus of not being responsible for structural repairs at Hornby St. is offset in part by the fact that it does not have exclusive access to its dock. Averaged over the years, expenditures on structural repairs & maintenance at either dock have not been significant. One exception is that, during the most recent agreement term (2000 - 2002), GIF made some major repairs to its dock and the Board allowed it to make deductions from its license fee in respect of these expenditures totalling \$6,000 over the three year term.

Future of Ferry Services in False Creek

There are major changes taking place in the False Creek, which should be taken into account in determining any long term arrangements with both ferry companies. There are now ten ferry docks

in the creek, and plans for at least three more. In addition to GIF's docks at the Aquatic Centre, Granville Island and Vanier Park, and Aquabus' docks at Hornby St and Granville Island, one or both of the companies operate to Stamps Landing, Science World, Yaletown, Fisherman's Docks and Spyglass Place. At some docks (as at the Aquatic Centre and Hornby St.) the companies pay significant license fees, at others there is a minimal fee or no charge.

City staff are working on a Master Plan for ferry services in False Creek which may result in changes in the arrangements regarding use of these docks. This is a complex issue, given the variety of situations and agreements with different ferry dock landlords. A report to Council on this issue is planned for 2003.

Renewal Term and License Fee

Granting a three year extension of the current license agreement would allow GIF some security of tenure for the immediate term without committing the Board significantly far into the future. At the same time, it will allow some more time to clarify the future of ferry services in False Creek. If the contemplated Master Agreement is executed prior to the expiry of these three years, it will take precedence over this license agreement.

The license fee paid by GIF in 2002, before taking into account the discount allowed for structural repairs in that year, was \$11,660. Previous annual rent increases have generally been based on inflation. It is proposed that the license fees for each of 2003, 2004 and 2005 be set on the same basis. Applying the City's revenue inflation rate of 2.75% to the 2002 license fee, the 2003 license fee would be \$11,980.

Mr Dave McInnis, President of GIF, has been advised of these recommendations and is in agreement with them.

JUSTIFICATION

GIF has been a good operator over the years and has been responsive to any concerns of the Board. It continues to provide a quality service which is well used by local residents and tourists. Supporting the ferry service is consistent with promoting transit and discouraging use of private vehicles by visitors to Granville Island and Vanier Park.

To provide some security of tenure to GIF, while still allowing the City and the Board the opportunity to properly assess the changes in False Creek before making a longer term commitment, the license term with GIF should be extended for three years. However, should the contemplated Master Agreement for ferry services in False Creek be implemented during that period, it will take precedence.

Prepared by:
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