



Date: December 5, 2003

**TO: Board Members - Parks and Recreation**  
**FROM: General Manager - Parks and Recreation**  
**SUBJECT: AWARD OF CONTRACT FOR STANLEY PARK SHUTTLE SERVICE**

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## RECOMMENDATION

- A. THAT the Board approve the award to Vancouver Trolley Company of the contract to provide the free Stanley Park Shuttle service for the five summer seasons of 2004 - 2008 inclusive, with a possible extension for an additional term of up to five years, by mutual consent.*
- B. THAT the annual vehicle charter fee, total charter cost and budget for the Shuttle service in each year of the initial contract be approved as set out in this report.*
- C. 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.*
- D. 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.*

## POLICY

On October 18, 1996, the Board approved the Stanley Park Transportation Plan, featuring as a key recommendation the introduction of a Stanley Park Shuttle as a means to lessen reliance on the private car for transportation within the park.

## **BACKGROUND**

In 1997, following a Request For Proposals (RFP) process, the Board awarded the contract to operate the Stanley Park Shuttle to Vancouver Trolley Company (VTC). The agreement was for an initial one-year term that could, by mutual consent, be extended for one to four additional years, up to a maximum total term of five years. The service was to be a free one, to be funded out of additional revenues generated from an increase in pay parking rates in Stanley Park in the summer months. This parking rate increase was introduced in 1997.

The Shuttle service started up in the summer of 1998. In 1999, it was extended by one additional year, as a free service. In 2000, the Board approved a further extension for an additional three years, 2000 - 2002, as a fare paying service. A fare of \$2 per adult and \$1 per child was charged in 2000, and complimentary rides were given to holders of bus transfers, bus passes, Leisure Access Cards and to children aged five and under. Ridership fell by 60% in that year and the decision was made to return to providing a free service for the last two years of the contract.

On February 24, 2003, the Board approved an extension of the Shuttle Agreement with VTC for one more season, the summer of 2003, and authorised staff to go ahead and issue an RFP for the next five years of the Shuttle service.

## **DISCUSSION**

### **Request For Proposals**

The RFP was issued on October 20, 2003, requesting proposals from experienced transportation operators to provide the free Shuttle service for the next five year term, the summers of 2004 -2008, with a possible extension on its expiry for up to a further five years, by mutual consent.

The RFP was advertised in the Vancouver Sun, and was publicised in Tourism Vancouver's e-mail newsletter to its members. Notices were sent out to 42 bus and tour companies operating in and around the Lower Mainland. Proposals were requested for a service which would be broadly similar to the previous Shuttle service, but prospective proponents were given the opportunity to propose different types of vehicles which met basic criteria set out in the RFP. They were given until November 17 to submit proposals.

11 companies picked up the RFP package. VTC was the only company to submit a proposal.

## **VTC's Proposal**

### Company background and experience

VTC has been operating city tours in its red trolleys since the early 1990s. The current owners purchased the company's assets in 1996. In addition to its fully narrated "hop-on, hop-off" City tours, VTC offers private charters and transportation in conjunction with special events.

For the last six years, VTC has provided the Shuttle service in Stanley Park. Surveys of Shuttle riders conducted by staff over the past six years have consistently shown a high level of satisfaction with the service as provided by VTC.

### Shuttle vehicles

VTC will continue to use its red trolley vehicles, with green panels and flags on them identifying them as the "Stanley Park Shuttle". Proponents were requested to look at the option of repainting the vehicles for each summer season to more clearly brand them as the Shuttle. However, their estimated costs of doing so were high and would ultimately have to be funded by the Board either directly, or through higher trolley charter fees. Instead, additional green panels will be installed on both sides of the trolleys, which will give the effect of a wide green stripe down each side of the vehicles and should distinguish them from VTC's City tour vehicles which also come into Stanley Park

The trolleys carry 34 seated passengers and have permits for 20 standing. They are fueled by propane. They are all equipped with wheelchair lifts and can each take 2 persons in wheelchairs.

### Cost to Board

The RFP indicated that proposals should be submitted on the basis of an approximate annual Shuttle charter cost of \$200,000 + GST. VTC's proposal for the five year term is for an hourly vehicle charter rate which increases annually by approximately 2% - 4%. If there were to be any increase in statutory employee benefits, VTC would be allowed to adjust these proposed hourly rates by the actual cost to the employer of these increases.

If the agreement were to be renewed for up to an additional five years after expiry of the initial five year term, the charter rates would be renegotiated prior to the start of that additional term.

In 2003, the Shuttle operated for 110 days (about 3,000 hours of service), between June 13 and September 28. Either three or four trolleys operated daily, from 10 a.m. - 6.30 pm. The total net cost to the Board was \$191,000, of which \$175,000 was vehicle charter costs and the balance was advertising and promotion, costs of installing and removing the Shuttle Stop signage and other miscellaneous items, offset in part by revenues from onboard advertising.

The proposed costs for this five year term are:

	<b>hourly vehicle charter rate (net of GST)</b>	<b>estimated charter cost for season (net of GST) (note 1)</b>	<b>proposed annual budget for the Shuttle (net of GST) (note 2)</b>
<b>2004</b>	\$59.10	\$183,000	\$203,000
<b>2005</b>	\$61.24	\$190,000	\$205,000
<b>2006</b>	\$62.98	\$195,000	\$210,000
<b>2007</b>	\$64.86	\$201,000	\$216,000
<b>2008</b>	\$67.42	\$209,000	\$224,000

note 1 estimated charter cost assumes 3,100 hours of service

note 2 proposed annual budget assumes other Shuttle operating costs, net of advertising revenue, of \$15,000. In 2004 only, there would be the additional costs of producing the extra green panels for the sides of the vehicles, estimated at \$5,000

The proposed 3,100 hours of service in each of the next 5 years is slightly higher than the 2003 actual of 3,000 hours. There were many days in 2003 when the Shuttle simply could not accommodate the number of people wanting to ride it. The increased number of charter hours could allow additional vehicles to operate on more of the peak days to help meet that demand. Alternatively, it could allow for a slightly extended season.

The Shuttle is funded out of the increased pay parking revenue from the higher summer parking rates in Stanley Park. The estimated additional revenue from these higher rates is more than the amount required to fund the Shuttle.

Should the Board wish to extend the Shuttle service over a longer period each year, VTC currently has vehicles which could be available to enable it to provide the service.

#### Potential Revenues from Advertising

There are several advertising opportunities onboard each vehicle. These are interior and exterior panels, racks for brochures and voice ads by the driver. The Board's share of advertising revenues would be 60% if VTC arranged the advertising, or 90% if the Park Board arranged it. Maximum potential revenue is estimated by VTC at \$10,000, of which the Board's share (at 60%) would be \$6,000. The Board would be able to use any unsold panels on the vehicles to promote its own attractions for no cost other than the production cost of the advertising material.

Sponsorship Funding

VTC will work with staff to attempt to find a sponsor to help fund the Shuttle service. With the Board's commitment to an agreement with a minimum five, and potentially up to ten, year term this becomes a more viable possibility than under the previous agreement where there was never a guarantee at any one time of a longer term than three years. The involvement of a sponsor could either allow for an extension of the Shuttle season each year, or else decrease the funding required to be provided by the Board.

**SUMMARY**

VTC has proved to be a good operator and has worked well with staff during the previous six years of the Shuttle service. It has provided a reliable, popular service, in vehicles which are attractive and distinctive. Its proposed rates and service details for the next term are considered to be reasonable and are not significantly different than those of the previous Shuttle service.

Prepared by:

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