

DATE: April 24, 1998

SUBJECT: LICENCE AGREEMENTS WITH AAA HORSE & CARRIAGE LTD. FOR THE OPERATION OF ITS HORSE DRAWN CARRIAGE SERVICE IN STANLEY PARK AND OCCUPATION OF LAND IN THE STANLEY PARK SERVICE YARD

RECOMMENDATION:

- A. THAT the annual fee paid to the Board by AAA for the licence to operate its business in approved areas of Stanley Park, for the period May 1, 1998 to April 30, 2003, be set at 4% on the first \$300,000 of its gross revenues from these operations and 6% on its gross revenues in excess of that amount.**
- B. THAT AAA be granted a licence to occupy a site of approximately 3025 square metres in the Stanley Park Service Yard, including the existing police paddock and the area immediately to the south of it.**
- C. THAT the amount paid by AAA for the licence to occupy this area will be the actual cost to the Board, up to a maximum of \$75,000, to haul away surplus fill, which would otherwise be spread on the site proposed to be occupied by AAA.**
- D. THAT the licence to occupy the site be granted for a period of 5 years from May 1, 1998, to run concurrently with the licence to operate the horse drawn tour service.**
- E. THAT no legal rights shall arise hereby and none shall arise hereafter until execution of the contemplated documents.**

BACKGROUND

AAA Horse & Carriage Ltd has been operating a horse drawn carriage service in Stanley Park since 1987. The current term of the licence agreement expires on April 30, 1998. On December 8, 1997, the Board approved entering into negotiations to extend the agreement, on its expiry, for an additional five years. A draft Licence Agreement, for the period to April 30, 1998 and a draft Licence Renewal and Modification Agreement for the five year renewal period, have been prepared by the City's Legal Services, and forwarded to AAA and its lawyers for their review and comments.

Changes will be made to the area occupied by AAA in the Service Yard as its redevelopment, and the construction of the parking lot, proceed. Attached as Appendix A is a diagram of the area in question.

DISCUSSION

Licence to Operate

AAA has been paying the Board the annual sum of \$2,000, plus adjustments for inflation, as a concession fee to operate its tours in Stanley Park. No amounts have been charged for its occupation of areas of the Service Yard or its use of the Information Booth. The Board now wishes to bring these payments up to a more appropriate level.

Staff reviewed arrangements it has with its other operators, and agreements in other jurisdictions with horse and carriage tours. While none are closely comparable, they provided some parameters on which to base discussions. Staff have met with Mr. O'Neil and negotiated the proposed licence fee.

AAA has not yet provided copies of its statement of revenues from operations in Stanley Park for the year ended December 31, 1997. Mr. O'Neil has indicated that these gross revenues were approximately \$340,000. Based on that amount, the annual licence fee payment would be \$14,400. Staff recognise that this would be a significant increase from amounts currently being paid. However, the current charges are considered to be significantly below the real value of the location to AAA.

No response has yet been received from AAA or its lawyers on the other proposed terms in the draft agreements.

Licence to Occupy

With the redevelopment of the Stanley Park Service Yard, the Mounted Squad's horses are being relocated from the existing police paddock to a new one, and AAA's horses will be moving into the police paddock. The Board's current plans for the redevelopment involve spreading fill from the parking lot excavations into the open area to the west including the police paddock area.

AAA is concerned about the logistics of relocation and the costs of building a new corral which would be required were the fill to be spread on site. AAA has indicated that it would prefer to pay for the fill to be removed from the site and dumped elsewhere. Staff estimate the cost of doing so would be \$75,000.

Various options were discussed with Mr. O'Neil. He currently has some thoughts on the future use of the Service Yard but, as yet, no serious proposals.

Payment of the \$75,000 estimated cost of removing the fill from the site, amortised over the proposed five year term of the licence to occupy the land, is considered by staff to be appropriate payment for its use. This is equivalent to \$1,250 per month. As a comparison, charges to an individual to stable one horse in Southlands are currently approximately \$400, or higher, per month.

JUSTIFICATION

AAA is currently paying the Board an annual fee which is significantly lower than the opportunity provided by its location in Stanley Park. AAA is paying nothing for its use of the Service Yard facilities.

The payments and licence terms proposed in this report are considered appropriate for this operation.

Prepared by:
Administration and Revenue Services Division
Board of Parks and Recreation
City of Vancouver
PJ/AD
Attachment.

**FOR A COPY OF APPENDIX A
CONTACT BARB OR JULIE AT 257-8448**
