



Date: January 6, 1999

TO: Board Members - Parks and Recreation
FROM: General Manager - Parks and Recreation
**SUBJECT: GRANVILLE ISLAND FERRIES LTD. - RENT REVIEW
AND EXTENSION OF LICENSE AGREEMENT**

RECOMMENDATION

1. THAT the Board extend the license agreement with Granville Island Ferries Ltd. for the dock at the Aquatic Centre for one year, for the period January 1, 1999 to December 31, 1999
2. THAT the license fee for 1999 be set at \$10,962.
3. THAT no legal rights shall arise hereby and none shall arise hereafter until execution of the contemplated document.

BACKGROUND

Since 1983, Granville Island Ferries Ltd. (operating as False Creek Ferries) has provided a passenger ferry service from the dock by the Aquatic Centre. It currently connects directly from there to Granville Island and Vanier Park. The license term for the dock expires on December 31, 1998 and the Company has requested an extension.

DISCUSSION

This dock extends into a water lot, for which the Province of B.C. granted a 30 year lease to the Board in 1987. As the lease payment for this water lot, the Province charges the Board 50% of the rental amount paid by the licensee to the Board.

Granville Island Ferries constructed, and maintains, the ramp and dock. Initially, this capital investment and further improvements were taken into account in setting the license fee and the Company was charged a lower rate than would otherwise have been the case. By 1993, it was considered that the initial investment had been fully amortised. The fee was then brought up to a level closer that charged to Aquabus by the City, for its use of the City-built dock at the foot of Hornby St, and to both companies for their docks on Granville Island.

At the last rent review in 1997, Granville Island Ferries' license fee was raised by 7% to \$10,800 per annum for 1997 and 1998, similar to the amount paid by Aquabus to the City for its Hornby St. dock. Although there are differences in access to, size and ownership of these two docks, the

benefits to each company were considered to be similar and the two companies should be treated consistently. The companies' licenses for these two docks both expire on December 31, 1998.

Aquabus is the only other company running a ferry service in False Creek similar to that provided by Granville Island Ferries. City staff consider that limiting ferry operations to two companies is optimal, as it allows for healthy competition, without the congestion and customer confusion which might arise from having more operators. As a result, the City currently does not contemplate issuing licenses for any more ferry companies in False Creek.

There are major changes taking place in False Creek and the surrounding area, which should be taken into account in any longer term arrangements with both ferry companies. Both companies are now operating services to Stamps Landing and Science World. Aquabus also uses docks in Yaletown and near the Cambie Bridge. The City is in the process of conducting its Blueways review, which may result in changes to the usage of False Creek by marine traffic.

During 1999, City and Board staff will be reviewing these issues with a view, by the end of the year, to being able to offer both companies longer term arrangements which deal appropriately and consistently with these changes. Granville Island Ferries has not indicated that it has any plans for major capital expenditures in 1999 which would require a specific longer term commitment to be made by the Board now, rather than waiting for the results of this review.

An increase in the license fee of 1.5% (to reflect inflation), to \$10,962 for one year only, to December 31, 1999, is considered appropriate for Granville Island Ferries' use of this dock.

City staff are negotiating a nominal increase for Aquabus, similar to that proposed for Granville Island Ferries, for the same one year term.

JUSTIFICATION

To ensure that dealings between the Board and Granville Island Ferries, and the City and Aquabus, remain consistent, and to allow the City and the Board the opportunity to assess the changes in False Creek before making longer term commitments, the license term with Granville Island Ferries should be extended for one year only, at a fee of \$10,962.

Granville Island Ferries continues to provide a good service which is well used by local residents and tourists. Supporting the ferry service is consistent with a general policy to promote the use of transit rather than private vehicles by visitors to Granville Island and Vanier Park.

Prepared by:
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