



Date: July 31, 2003

TO: Board Members - Parks and Recreation
FROM: General Manager - Parks and Recreation
**SUBJECT: AWARD OF NON-MOTORISED WATER SPORTS
CONCESSION AT ENGLISH BAY**

RECOMMENDATION

- A) *THAT Ocean West Expeditions Ltd. be granted approval to operate a non-motorised water sports concession at English Bay Beach for 2002-2004.***
- B) *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.***
- C) *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

There has been a non-motorised water sports concession at English Bay Beach during the summer months since 1979. In the early years, it mainly offered windsurfing. That sport declined in popularity in the 1990s and Ocean West Expeditions Ltd. has operated a kayak tour, rental and instruction concession at this location since 1996. The Operator has use of a room in the English Bay Bath House as a site office and for storage of its equipment. The Operator pays the Board a license fee of a percentage of its gross revenues (in 2001 it was 20%).

The Board also has a license agreement with another company to manage a separate kayak storage facility at the Bath House. That operator pays the Board an annual fee and rents out space in it to individual kayak owners.

DISCUSSION

Request for Proposals (RFP)

An advertisement for an Operator was placed in a local newspaper, and a number of parties who run water sports businesses were contacted by staff. Further information was requested by three companies, who all submitted proposals. All of these proposals were for reasonably similar

kayak tour, rental and instruction concessions. Projected gross revenue over the three year term was not significantly different in each proposal. Ocean West's revenue was highest and the license fee Ocean West offered to the Board was 20% of gross revenues, which was twice the next highest percentage offered.

Award of concession

Ocean West's projected gross revenues and payments to the Board are:

<u>Year</u>	<u>Projected Gross Revenue</u>	<u>% to Board</u>	<u>Projected Rent to Board</u>
2002	\$ 88,000	20%	\$17,600
2003	\$110,000	20%	\$22,000
2004	\$136,000	20%	\$27,200
total	\$334,000		\$67,000

Of the three proposals received, Ocean West's offers highest projected revenue to the Board, estimated at a total of \$67,000 for the three years. In 2001, Ocean West paid the Board rent of \$15,000 (20% of gross revenue). It is reasonable to assume that the business will continue to develop and the above projections can be achieved.

Ocean West's proposal would involve no major changes from its current English Bay operations, other than the anticipated continued growth of its business.

Ocean West has been a good operator, is safety conscious and has worked well with the lifeguards and the public. Staff's only concern was with a number of late payments of the license fee over the last two years. Ocean West has now made changes in its internal financial management which should address this issue.

JUSTIFICATION

Ocean West has run its kayak concession at English Bay for six years and has developed a quality operation. Experience to date has been positive and the company has shown itself to be responsive to staff and other beach users. Its proposal also offers the highest return to the Board.

Prepared by:
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AD