



Date: February 11, 2003

**TO: Board Members - Parks and Recreation**  
**FROM: General Manager - Parks and Recreation**  
**SUBJECT: Jericho Beach Hostel - Agreement Renewal**

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## **RECOMMENDATION**

THAT the Board renew the agreement with Hostelling International - BC Region for the Jericho Beach Hostel for ten years from February 1, 2003 to January 31, 2013 based on terms and conditions identified in this report.

THAT once the form of the agreement has been approved by the General Manager and the Director of Legal Services, the General Manager be authorized to execute the document on behalf of the Board.

## **BACKGROUND**

The Jericho Beach Hostel began as a barracks for airforce personnel when Jericho Park served as a base during World War II. At that time the land and buildings were owned by the Federal Government.

As the base was decommissioned after the war, several land parcels were leased to the City of Vancouver for park purposes. By the early 1960's the Park Board controlled approximately 19 acres and the community was intent on ensuring that much more of the area would become park in the future.

In 1969 the Federal Government signed an agreement with the City of Vancouver to grant 72 acres of their property with a requirement that it be used for parks and recreation purposes. This grant included Building #4 which was subsequently occupied as the Jericho Youth Hostel in 1971. When the organization took over the building, many of its fixtures including lights and much of the flooring had been removed.

The first formal lease agreement with the Hostel Association was signed in 1973 for five years at \$1.00 per year. A second 5 year agreement was signed in 1978. The Hostel Association, a non profit, charitable organization improved the building, made it available to travellers at a low cost and operated and maintained it at no cost to the Board. A clause in their agreements also required them to support groups coming to Vancouver for sport or other culture or recreation events if requested by the Park Board.

In 1983 the Park Board entered into the first of two 10 year agreements with the Hostel in order to allow them the security of a longer term lease as they continued to improve the facility. The Board also approved a rental fee 5 % of gross revenue.

The latest Jericho Beach Hostel agreement with the Board expired on January 31, 2003. Discussions on the future use of the hostel and the terms of the agreement have been underway since the summer of 2002.

The Hostel has now been operating at Jericho Beach for 32 years. More than 1.5 million overnight stays have occurred during that time and the Hostelling Association has spent more than \$1.4 million on capital upgrades and renovations over and above their regular maintenance and repairs to the building.

## DISCUSSION

Hostelling has changed over the years to include all ages of travellers. Presently Hostelling International - BC Region operates 2 hostels in the downtown, its newest facility opening in 2002. Although hostelling remains popular, the impacts of 9/11 have been felt worldwide. Tourism has declined and for the first time in 2002 the Hostel has been closed for the winter period - October - April for individual travellers.

Over the last ten year period the Jericho Beach Hostel has contributed the following in rental payments:

Fiscal year ending March 31	Rent Paid
2002	\$52,058
2001	55,314
2000	58,913
1999	59,039
1998	53,908
1997	54,016
1996	60,000
1995	61,025
1994	53,431
1993	47,661

Overnight visits reached a high of 80,000 in 1996 and were at their lowest level in 2002 at 56,600.

### Terms of the Agreement

In our discussion with Hostelling International - BC Region we have focused on the continued and long term benefits to the Park Board while recognizing the changes to travelling and hostelling in the short term. We are proposing that the following terms form our agreement for the continued use of the Jericho Beach Hostel:

- that the term be for 10 years expiring on January 31, 2013
- Hostelling International - BC Region will continue to cover all operating, maintenance and repair costs for the Hostel at no cost to the Park Board.
- that for the first five years of the agreement the rental fee would be \$53,000 annually, year 6-10 would be the greater of 5% of all gross revenues or \$53,000
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Hostelling International - BC Region will:

- undertake building improvements including complete window replacement, furnace/heating upgrading or replacement and replacement of drainage tiles within the first 5 years of the agreement at a cost of \$375,000
- request approval of the Board for their overnight hostelling rates if their proposed annual increase is greater than 10%
- continue to have access to the parking area in front of and behind their building.
- forward any future requests for renovation, alterations and utility repairs or installation for review and approval by staff.

Park Board will:

- permit Hostelling International - BC Region to cross parkland in order to maintain the building
- consult with Hostelling International - BC Region in the event that we propose changes in use of the other buildings in the vicinity
- permit Hostelling International - BC Region to install directional signage

The Park Board, at their discretion, will consider offering Hostelling International - BC Region an option to renew for a further ten years.

### Marketing & Programming

In order to expand their market, Hostelling International is actively promoting this facility during the off-season to various non profit youth groups in BC, such as the Boy Scouts, Girl Guides, Big Brothers, Big Sisters and other charitable works and Associations. Groups of youth and young adults that are travelling to Vancouver for cultural, sporting or musical activities are also being targeted.

In addition to providing accommodation, Hostelling International - BC Region has developed group programs to build an appreciation of the West Coast and a cultural understanding of Canada's First Nations history.

A special program in April 2003 -“Opening the World to Youth” will introduce young people to the world’s unique cultures, foster cross cultural understanding and promote a passion for international travel. Secondary students from across the lower mainland will be invited to attend.

## **SUMMARY**

The Jericho Beach Hostel has been operating since 1971 to provide low cost accommodation for travellers to Vancouver. The current agreement with Hostelling International - BC Region a non profit organization expired January 31, 2003. Staff are recommending that a further 10 year agreement be approved continuing the responsibility of the hostelling organization to operate, maintain and repair the facility and to pay the Park Board \$53,000 annually for the first five years. The rental fee for years six to ten will be \$53,000 or 5% of all gross revenues which ever is greater.

The Hostelling organization has also committed to renovations costing \$375,000 in the first five years for windows, heating and drainage.

Expanded marketing to both local and international groups, specially designed programs and special event days will increase the awareness of hostelling and expand overnight stays particularly in the off season but also in the summer, as a concern about the decline in world travel continues.

Staff are recommending that the Board approve a further 10 year agreement expiring January 31, 2013 with Hostelling International - BC Region for the Jericho Beach Hostel.

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