

Date: June 12, 2009



TO: Board Members – Vancouver Park Board
FROM: General Manager – Parks and Recreation
SUBJECT: 2009 Stanley Park Shuttle Service

RECOMMENDATION

- A. THAT the Board approve a one year extension of the Agreement with Vancouver Trolley Company, with agreed to altered terms, for provision of the Stanley Park Shuttle service for the 2009 season, based on a fare paying service*
- B. THAT the Board approve a contribution of up to \$48,000 from the Corporate Sponsorship Fund towards the costs of the 2009 Shuttle service*
- C. THAT no legal rights shall arise and no consents, permissions or licences 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 authorized to execute and deliver such documentation on behalf of the Board*

POLICY

The Board's policy on the approved use of Corporate Sponsorship Funds requires fulfilment of one or more of the following criteria:

1. To fund one-time expenditures to a limit of \$50,000 that will support revenue-generating activities and the money repaid into the Corporate Sponsorship account from the increased revenues within a period of three years.
2. To fund initiatives with one-time expenditures to a limit of \$50,000 that will result in improved efficiencies.
3. To fund one-time expenditures over and above the existing funding level in the operating budget which are beneficial to the overall Parks and Recreation system.
4. All expenditures require Board approval.

BACKGROUND

Vancouver Trolley Company (VTC) has operated the free Stanley Park Shuttle for the Board since the start of the service in 1998. On October 20, 2003, the Board issued a request for proposals for the Stanley Park Shuttle service. VTC was the only proponent to submit a proposal in response to the RFP.

On December 15, 2003, the Board approved award of the most recent contract to VTC to provide the Shuttle service for the five summer seasons of 2004 – 2008 inclusive, with a possible extension for an additional five years, by mutual consent.

While the RFP was for a free shuttle service, to be funded by the Board, the RFP did reserve to the Board the right to reintroduce a fare service and provided that, if necessary, the contract with the service provider would be modified to accommodate a fare system.

In 2008, the Shuttle carried 136,000 people over the summer season and the net cost to the Board that year was \$218,000.

On March 23, 2009, the Board approved the following recommendations:

A. THAT as part of the proposed 2009 budget initiatives, the Board approve discontinuation of funding for the Stanley Park Shuttle service for 2009.

B. THAT staff explore all options for funding the Shuttle which could allow for its continued service in 2009 and / or future years, at no or minimal cost to the Board.

The actual amount of funding cut from the original 2009 Shuttle budget of \$225,700 was \$200,000, which left a balance of \$25,700 still available. Since then, staff have been reviewing options. It is recognised how important this service is to visitors to the Park, many of whom may have difficulty getting around without it, and to Park Board and Stakeholder businesses in the Park, who rely on the Shuttle to bring many potential customers to their locations.

DISCUSSION

Options investigated

Staff reviewed several options for providing a Shuttle service.

The potential costs of continuing to provide a free Shuttle at an appropriate level of service proved to be high. After some discussions with VTC, proposed total trolley charter costs were reduced to \$170,000 and total costs (including signage, promotions etc) were \$180,000. Staff investigated whether sufficient funding could be raised from advertising, sponsorships, donations and stakeholder contributions to reduce the cost to the Board to a potentially acceptable level. While some interest was expressed, the combination of the current economic situation and the relatively short notice meant that few commitments were made. However, some good contacts have been established and interest expressed for potential relationships, which can be built on for future years.

Translink has again confirmed that it is not interested in providing a scheduled, round the park, bus service. It is facing budgetary issues itself, is typically not looking at new services and does not see this route as a revenue generator.

Staff also reviewed an initial proposal received from another operator. However, its costs would not be substantially lower for an equivalent level of service, and there were some concerns about the suitability of its vehicles for this particular service.

On June 9, staff received another proposal from VTC that was significantly lower in cost and proposed charging a small fare for the service.

Proposed 2009 Shuttle service

The Shuttle will run daily, with four trolleys operating, July 1 – September 7, from 10 am – 6.30 pm. This allows for a 12 minute frequency of service. This is effectively the same service level as in prior years, except that it is starting up about 2 weeks later, and finishing about 2 weeks earlier, than usual.

The key difference to prior years is that it will be a fare paying service, with fares of \$2 (adult) and \$1 (children) to be charged by VTC . VTC will retain all of the fare revenue to help fund its costs of provision of the service as it has significantly reduced its fee to the Board for this service from \$170,000 to \$69,000.

Staff propose a one year extension to the contract with VTC to provide the foregoing service for the 2009 season, with such modifications to the contract as are required to reflect the fare based system. This one year extension with VTC is a pilot program for this summer. Following the 2009 season, staff will evaluate the success of the fare paying service and bring a recommendation to the Board in time for summer 2010.

The only time the Board has charged for the Shuttle in the past was in 2000, when fares of \$2 and \$1 were charged. That year, ridership fell by 60% from the prior year. VTC is aware of the risk that there could be a similar impact on ridership this time.

Costs of, and funding for, the proposed 2009 service

The estimated total costs of the service, including vehicle charter fee payable to VTC (\$69,000), updating and installing signage at the Shuttle stops and doing a limited amount of promotion (\$9,000), would be **\$78,000**. While initially Park Stakeholders committed to a financial contribution, that is no longer available.

It would be funded as follows:

From Third Parties:

Various Park Stakeholders - advertising	\$ 3,300
Other potential advertisers	<u>\$ 1,000</u>
Total	<u>\$ 4,300</u>

From the Board:

Balance remaining in Shuttle budget	\$25,700
Corporate Sponsorship Fund (see below)	<u>\$48,000</u>
Total from the Board	<u>\$73,700</u>
Total funding	<u>\$78,000</u>

Funding from Corporate Sponsorship Account

The Board requested staff to explore all options for funding the Shuttle in 2009. Staff's conclusion is that using funds from the Corporate Sponsorship Fund is the only way to enable the service to operate this year. This is intended as a one time only solution to bridge the gap until either funding from the Park Board Budget can be restored or alternate sources of funding, such as sponsorships, are found.

The recommended allocation of up to \$48,000 from the Corporate Sponsorship Fund is consistent with the fund's objectives. This use of funds fits criterion # 3. Sufficient funding is available in the account.

Staff will continue to solicit and follow up with potential advertisers and, if more commit, it may be possible to reduce the above noted required contribution of \$48,000 from the Corporate Sponsorship Fund.

SUMMARY

Vancouver Trolley Company has substantially reduced the cost of a Stanley Park shuttle service for the 2009 summer season by proposing a fare paying service. A contribution from the Park Board's Corporate Sponsorship Fund is required to help fund this reduced cost.

After investigating options, staff consider this proposal to be the only way to continue offering the Shuttle service for the 2009 season, given the late date.

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