

City of Kelowna

MEMORANDUM

September 10, 2002

To: City Manager

From: Civic Properties Manager

Subject: **Proposed Queensway Marina Lease**

RECOMMENDATION

THAT Council approve a lease with 381713 BC Ltd. (Turtle Bay Marina Ltd.) for a three year period with potential for two additional one year extensions commencing April 1, 2003, at the rate of \$1,000 per month for the purpose of constructing and operating a marina at the foot of Queensway Avenue;

AND THAT the Mayor and City Clerk be authorized to execute the required lease documentation on behalf of the City of Kelowna;

AND THAT the current month to month lease with Kelowna Marina Ltd. be terminated by giving them three months notice effective October 1, 2002.

BACKGROUND

In April of this year a report on the Queensway Marina lease was presented to Council. The report recommended awarding the lease to 381713 BC Ltd. (Turtle Bay Marina Ltd.). The background of that report is as follows.

“ The existing Kelowna Marina operation has been located at the foot of Queensway Street for many years. In recent years their lease has been in over-holding pending the review of development potential in that area. As planing for future development has been deferred indefinitely Council requested staff to initiate a Request for Proposal (RFP). This RFP was to attract proponents with a focus on establishing a lease for the same or similar fueling/rental marine operation plus an enhanced level of offered services and a provision for transient hourly/daily/weekly moorage. The offered lease term was three years with a two-year renewal option by mutual consent. The RFP attracted only two submissions. One from the current owner/operator, Kelowna Marina and one from the owner/operator of the Turtle Bay Marina. After reviewing both submissions it is noted that both submissions offered the same lease income to the City (\$1,000 per month) but the Turtle Bay submission offered a greater level of development for the marina operation. This included enlarged fuel dock, greater selection of marine accessories/rentals and the provision for 32 transient moorage slips in 2002/2003 and an additional 27 more if the consumer demand warranted it. Therefore it is recommended that Council instruct staff to negotiate a lease with Turtle Bay Marina Ltd. ”

Prior to the April 03, 2002 staff report being presented to Council, a proponent and current operator, Kelowna Marina (KM) wrote Council raising some questions and concerns. These related to RFP format, operator changeover timing and safety issues with local weather patterns. At Council's request the RFP lease award was suspended until staff could review the concerns and report back to Council. The following will deal with the concerns and responses.

- Concern: In a letter from Kelowna Marina noting RFP Section 7, paragraph 5 states "It is the intent that the fueling, boat rental and concession operations be contained within the existing water lot lease". The letter goes on to state their existing facility lies totally within the existing water lot and make the assumption Turtle Bay's (TBM) does not as there is no room for the additional slips TBM proposes.
 - Response: Section 7.0 outlines the existing lease area and notes that the fueling, boat rentals and concession stay within this lease area. TBM's submission shows that their initial installation meets that criterion. Section 7.1 goes on to describe how the City is applying to have the lease area expanded to allow for day moorage. TBM's submission also contains an additional sketch proposing how the facility would be increased to accommodate the day moorage. The fuel wharf is relocated in this option to the outside area to provide for boater safety and act as a breakwater for the moorage area.
- Concern: Kelowna Marina (Mr. Grant) was in New Zealand when the RFP was initiated. The concern is they were previously told that an RFP would likely be deferred till the fall, 2002. He feels he was at a disadvantage being out of town. In addition his 2002 operating commitments were in place and canceling would cause him some financial loss.
 - Response: As the RFP document was ready to go January 2002 it was decided to proceed rather than wait an additional 8 months or so. We were aware that Mr. Grant was out of town and contacted him immediately. Mr. Grant was also put in touch with Urban Systems who could help with the planning and RFP response document. Mr. Grant did express verbal concern about the timing in subsequent conversations but was assured by City staff that the timing could be negotiated to mutual benefit of all parties. Mr. Smith of TBM was also contacted about the RFP as he was also out of town for the winter.
- Concern: Mr. Grant has stated that TBM has future moorage docks on the outside of the fuel wharf. This would cause both boat traffic flow and fire safety issues.
 - Response: The submission from TBM shows the fuel wharf on the lake side of the moorage. This position would act as a breakwater for the docks similar to what Kelowna Marina has now.
- Concern: Wind and wave effect on a moorage facility in that area as outlined in the RFP. Particularly with respect to adding day moorage and anchoring a fuel wharf in deeper water. Kelowna Marina has provided a letter from Northwest Hydraulic Consultants Ltd., (NHC) April 26, 2002, offering opinions on the intended facility with respect to wave height and a moorage facility beyond the existing fuel wharf.
 - Response: The wind analysis by NHC is based on historical data from the Penticton and Kelowna airports. Due to geographical constraints at the Kelowna airport, the Penticton data was used in their wind assessment. The wave analysis noted by NHC quotes figures from the U.S. Army Corps of Engineers and observations by Kelowna Marina.

- TBM has provided to the City a copy of a report from Westmar Consulting Engineers (WCE) August 27, 2002. Westmar is the firm that did the detailed research and design work for the (future) new Okanagan floating bridge. This report outlines various points on the viability of TBM's proposed facility, including extension further into the lake. They close in saying "It is not necessary to complete a design for a mooring system in order to offer an opinion on the feasibility of your (TBM) proposed marina. At this time, we are confident that an effective and safe mooring system can be designed and constructed."

In addition the Kelowna Yacht Club has recently approached staff indicating they would be interested in providing moorage and fueling facilities as noted in the RFP. They would plan to provide this additional facility in conjunction with their proposed plan to build a new yacht club building. This new facility would be ready for Kelowna's 100th birthday and the Yacht Club's 60th birthday in 2005.

Given the foregoing information and timing it is recommended that the Kelowna Yacht Club be thanked for their interest and welcomed to compete for the lease when it becomes available in the future. And further recommended that the existing month to month lease with Grant Developments is terminated and that Council instructs staff to negotiate a lease with Turtle Bay Marina Ltd.

Jim Waugh
Civic Properties Manager

cc: Director of Parks and Leisure Services
Deputy Director of Finance