
CITY OF KELOWNA

MEMORANDUM

Date: June 7, 2006
File No.: 0710-40
To: City Manager
From: Civic Properties Manager
Subject: **COMMERCIAL MOORAGE EXPANSION AT THE SAILS DOCK**

RECOMMENDATION:

THAT a sole source contract be awarded to Shoreline Pile Driving & Floating Structures to construct the dock facility at the Sails for a price not to exceed the \$75,000.00 approved in the 2006 City Budget:

AND THAT staff be directed to bring forward the necessary amendments, dealing with the proposed "Licence to Use" and dock moorage rental as outlined in the report of the Civic Properties Manager dated June 7, 2006, to the "City of Kelowna Parks and Public Spaces Bylaw No. 6819-91" for Council's consideration.

BACKGROUND:

At a regular Council meeting on September 19, 2005, City Council instructed the Director of Parks & Leisure Services to address the use of parks as a base of operation by commercial boating operators. Staff is proposing a by-law amendment which would authorize the Civic Properties Manager to issue a "Licence to Use" to passenger ship operators that meet the following qualifications:

- Department of Transport Canada license as a "passenger ship"
- City Business Licence
- Insurance to City requirements with the City as a named insured
- Operate the passenger ship under the command of a Qualified Captain(s)
- Pay a \$50.00 annual administration fee

This would allow operators to use city parks and docks to load and unload paying customers.

The 2006 final budget approved the addition of serviced moorage spaces to the single space currently at the Sails (item 10-230-C5362). This would help address the growing demand for moorage from operators of "small commercial passenger vessels". The project proposal indicated that the rental revenues would be used to pay back construction costs in 3 years. The proposed rate structure (see attached) is comparable to market rates charged in other lake-front cities like Toronto, and substantially lower than ocean-front cities like Nanaimo or Victoria. The now expired lease for the Sails dock was \$16,666.68 + GST for the May – September 2005 summer season, and reflected the value of a near monopoly over available commercial moorage. The expired lease for the Fintry Queen dock was \$9,261 + GST, and negotiated over a decade ago. The proposed bylaw amendment would allow the moorage rental contracts to provide for the seizure of vessels where the operator was in default of the contract.

During the first year, the commercial moorage would first be made available to the operators who can meet the "Licence to Use" criteria in response to a Request for Qualification on a first-come, first-served basis. Interest has already been expressed by: Executive Houseboat Charters, Iristani Princess, Kelowna Princess II, Classic Woodenboat Cruises, the Fintry Queen, Scenic Cruises and Iron Horse Industrial Company. If qualified demand is in excess of supply, the opportunity to be allocated a moorage space will be offered to the highest bidders in a publicly advertised request for proposals. If demand is consistently beyond supply, a further budget would be submitted to Council for expansion of commercial moorage. Rental agreements would give the City the right to terminate if the location was required for other uses.

This dock expansion will require a rezoning application from P-3 to W-2, a Section 9 Water Act Authorization for dock works and a Navigable Waters Review, all of which are in progress. At the same time, the facility needs to be open for the peak summer tourist season if it is to address the current need. To expedite construction, authority to award a sole-source contract within the available budget is requested.

Randy Cleveland
Civic Properties Manager

cc.: David Graham, Director of Recreation, Parks and Cultural Services
Joe Creron, Parks Manager
Stephen Fleming, Council Services Supervisor
Keith Grayston, Financial Planning Manager

Passenger Ship Moorage Rental Rates – 2006/07

Base Rate

Moorage Space	Annual Rent
Sails Dock	
1	\$6,500
2	\$6,000
3	\$5,500
4	\$5,000
5	\$4,500
6	\$4,000
7	\$4,500
“Fintry Queen” Dock	
1	\$12,000
2	\$12,000

Notes:

- refer to attached sketch SK-1 for berth numbering
- rental agreements would be conditional upon a \$5,000 damage deposit
- maintenance is included in the base rate
- all spaces would be charged for utilities as an additional charge + a 5% administration fee:
 - un-metered utilities (e.g. water and garbage) would be apportioned equally among occupied spaces
 - metered utilities (e.g. electricity)
- the rate structure has a multiplier that recognizes the value of proximity to the dock access ramp(s) and the visual exposure to the shoreline promenade
- spaces allocations would be offered to qualified operators according to the following sequence:
 1. Consensus of all parties, including due consideration for safety as it relates to technical specifications of qualified passenger ships, AND FAILING THIS;
 2. The determination of the Civic Properties Manager in collaboration with Transport Canada in consideration of the stated priorities of qualified operators; OR
 3. Where all things are equal, a random draw.
- where the number of qualified passenger ships exceeds the available spaces, the opportunity to rent a space would be based on a request for proposal and awarded to the highest bidders, referring to the Base Rate Chart above as the “reserve bid”.