

Report to Council



Date: February 28, 2022
To: Council
From: City Manager
Subject: Municipal Boating Facilities Commercial License
Department: Real Estate

Recommendation:

THAT Council receives, for information, the report on Municipal Boating Facilities Commercial License from the Property Management department dated February 28, 2022;

AND THAT Council gives reading consideration to Bylaw No. 12308 being amendment No. 5 to the Parks and Public Spaces Bylaw No. 10680;

AND THAT Council gives reading consideration to Bylaw No 12312 being amendment No 31 to the Bylaw Notice Enforcement Bylaw No. 10475;

AND FURTHER THAT the 2022 Financial Plan be amended to include the anticipated program fees net of enforcement costs, with the net revenues being contributed to the Municipal Boating Facilities Reserve.

Purpose:

To amend the Parks and Public Spaces Bylaw, as well as the schedule of penalties in the Notice Enforcement Bylaw, with regards to Municipal Boating Facilities Commercial License.

Background:

Previous Council Resolution

On February 7, 2022, Staff received a report regarding the management and operations of municipal boating facilities. The Council resolution associated with this report is provided below.

Resolution	Date
THAT Council receives, for information, the report regarding the Management and Operations of Municipal Boating Facilities from the Real Estate	February 7, 2022

There has been a continuous increase in businesses that offer valet, dryland boat rental, and boat club services. These companies have monetized the use of municipal boat launches through their businesses.

Commercial usage of the City's boat launch facilities has resulted in a number of complaints, primarily centred around vehicles and boat trailers left unattended in the boat launch, and companies using the area to conduct businesses, thereby restricting others' access to the launch. This greatly decreases the efficiency of the boat launches.

It is estimated that there are two valet companies, ten dryland boat rental businesses, and three dryland boat clubs utilizing municipal boat launches. It is further estimated these commercial users account for approximately 25% of the total boat launch usage.

Similar to parking, boat launch amenities are used not only by residents, but by visitors, and more so by specific user groups which align with management strategies that would indicate a cost-recovery model that doesn't rely on general taxation. Further, business use of public amenities elsewhere, as in parks, requires permits and fees.

This report summarizes staff's recommendation for an annual commercial boat launch usage fee which would commence in the spring of 2022.

Discussion

The City has established programs permitting approved businesses to operate within parks, such as activity and food concessions, and the revenue generated goes back to the Parks Reserve. Staff recommends creating a similar program where the revenue generated by these fees would fund maintenance and capital expenditures through the Municipal Boating Facilities Reserve.

Businesses benefitting from the use of the boat launches are ones whose income is reliant on them and without boat launches, they would not be able to operate. These businesses are classified as valet, dryland boat rental, and dryland boat club companies. Definitions of these are as follows:

- *A valet company* is defined as a company that derives its income by offering services to launch and retrieve a boat owned by a 3rd party. A valet company typically has on-land storage and brings the boat to the lake upon the request of the 3rd party, numerous times throughout the year.
- *A dryland boat rental or boat club company* offers rental or a boat club service but does not have on water moorage. As a result, they utilize the boat launches numerous times throughout the summer.

Proposed Fee

The proposed commercial boat launch user fee is to be reflective of the costs and the percentage of use by commercial users. Given historical operating costs associated with the boat launches, staff recommend an annual maintenance and operating budget of \$250,000. The current capital renewal

estimate is \$1,150,000. Amortized over 10 years, the annual contribution to capital renewal would be \$115,000. Figure 1 illustrates the cost recovery required from commercial users.

Commercial Users – Estimated Boat Launch Operating & Capital Costs	
Annual Maintenance & Operating	\$250,000
10% of Capital Renewal	\$115,000
Total Annual Costs	\$365,000
Percentage of Commercial Use	25%
Cost recovery from Commercial Users	\$91,250

Figure 1: The cost recovery required from commercial users.

In summer 2021, staff conducted a survey to understand the number of companies and how many boats they had in their fleet. Staff learned that the commercial users range in size. A small company may have one or two boats, whereas a large company may have upwards of 15 rentals or 130 valet boats. Therefore, a fee per boat is more appropriate than a fee per company. This methodology also takes into consideration that a company with more boats would be utilizing the boat launch more times.

For valet companies, staff proposes a fee of 10% of the per boat fee, recognizing the valet business model is derived from launching a 3rd party's boat, who could be a resident of Kelowna, and there is no fee for residents launching their own boats.

The City has an existing program for commercial tour operators, who use the docks at the boat launches for dropping off and picking up passengers. Staff are proposing to increase the existing nominal fee to align with the newly proposed fees and ensure that tour operators are also contributing to the cost recovery of the marine facilities.

Figure 2 outlines the proposed fees and anticipated revenue.

Commercial Boat Launch Users – Proposed Fee Schedule			
Description	Est. # of Watercraft	Fee/Watercraft	Total
Dryland Boat Rental	16	\$2,000	\$32,000
Dryland Personal Watercraft Rental	12	\$1,000	\$12,000
Dryland Boat Club	13	\$2,000	\$26,000
Dryland Valet	151	\$200	\$30,200
Watercraft Tour Operators	3	\$2,000	\$6,000
Total			\$106,200

Figure 2: Proposed fees and anticipated revenue

On water moorage is hard to find and if a company finds moorage, they could expect to pay at least \$3,000 for a slip dependent on the size of the boat. This further confirms that the proposed fees are in line with on-water moorage rates.

Program Implementation

Upon approval of the recommendations associated with this report by Council, letters will be sent to previously identified commercial boat launch users businesses, and new businesses will be captured through the business license application process. The Property Management department will issue the commercial boat launch licenses.

Each commercial boat launch user will be required to obtain an annual license for use of the public lands fronting the boat launches. The agreement outlines boat launch rules and regulations and requires the business to register each watercraft and obtain the necessary insurance to operate.

As part of the licensing process, business will be required to:

- provide make, model and license plate number of each delivery vehicle;
- provide make, model and registration number for each boat in the fleet;
- confirm proof of suitable insurance;
- agree to the rules of the boat launch (including waiting for their turn to launch); and
- pay a fee per watercraft.

Oversight of compliance at the launch will be a combined effort from Bylaws, Parking and Property Management utilizing Staff, summer students and technology.

Financial Considerations

Based on the proposed fees, the program is estimated to create revenue of approximately \$106,200 Net contributions to the cost recovery of maintenance and capital expenditures of the launches through the Municipal Boating Facilities Reserve are anticipated to be in the range of \$90,000, as \$10,000 - \$15,000 of revenues collected in 2022 are anticipated to support enhanced enforcement efforts associated with this new program.

Program Revenue Allocation	
Anticipated program fees	\$106,200
Less: enhanced enforcement costs	\$15,000
Est. Contribution to Municipal Boating Facilities Reserve	\$91,250

Figure 3: Program revenue allocation

Existing Policy

Council's 2019-2022 priorities identified measures supporting staff's recommendations, specifically relevant to this report:

- Non-taxation revenue is increasing;
- Infrastructure deficit is reduced; and,
- Key sites are proactivity planned.

Conclusion

Staff recommends that Bylaws No. 10680 and No. 10475 be amended to reflect the required changes to permit the Municipal Boating Facilities Commercial License effective upon adoption.

Internal Circulation

Communications
Parking Services
Finance
Bylaw Services

Considerations not applicable to this report

Legal / Statutory Authority
Legal / Statutory Procedural Requirements
Existing Policy
External Agency / Public Comments
Communications Comments

Submitted by: J. Adamson, Manager, Property Management

Approved for inclusion: J. Säufferer, Real Estate Department Manager

Attachments: 1. Schedule A – Bylaw Amendments
2. Schedule B – PowerPoint