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DATE 7 February 2000

TO/DEST. Co-ordinator  
Transit Services Committee

FROM/EXP. General Manager

SUBJECT/OBJET **SIGHTSEEING SERVICES - GRANTING OF AUTHORITY TO  
OPERATE - APPLICABLE FEES**

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### **DEPARTMENTAL RECOMMENDATION**

**That the Transit Services Committee recommend and that the Transit Commission establish that the Commission charge those persons operating sightseeing services within the Regional Area an annual fee of \$2,000 per vehicle to a maximum of \$10,000 per operator of a sightseeing service.**

### **BACKGROUND**

The Commission has the exclusive franchise to operate a passenger transit service within the Urban Transit Area. This includes the exclusive right to operate transit services which provide sightseeing opportunities within the area. The exclusive franchise does not apply to sightseeing services which commence in Ottawa-Carleton but leave the area immediately by a direct route to provide sightseeing outside of the Regional Area.

In January 1995 the Commission decided to terminate operating a regular sightseeing service for budgetary reasons. On 15 February 1995, the Commission decided to give operators of sightseeing services the right to operate from 1 May to 31 October with minimum of two tours per week. The Commission established an annual fee of \$10,000 per operator in return for receiving this authorization.

There are a number of sightseeing tours being operated in Ottawa-Carleton. Capital Double Decker & Trolley Tours operates a fleet of 13 buses, with not all vehicles operating every day. Gray Line Ottawa has indicated that it operates an average of five to six buses per day providing sightseeing tours in Ottawa-Carleton. Last year, John & Dan Enterprises Inc. began operating a sightseeing service using an amphibious bus travelling on a loop route through the downtown area, to the Governor General's

residence and eventually accessing the Ottawa River at the Hull docks. Oakroads operates a small bus for sightseeing. Those tours travel directly outside the Regional Area and do not require Commission approval. Finally, a number of tour buses arrive from out of town on organized tours and offer tours of the area either as separate optional tours or as part of the overall tour package.

Many of the sightseeing tour operators have purchase the right to operate kiosks in the downtown area near the point of commencement of their tours. For this year, the Region has decided to establish two designated pick up points for sightseeing services. One point of pick up will be Wellington Street in the vicinity of the old embassy of the United States. The other point of pick up will be Elgin Street near the intersection of Sparks Street. Buses will be permitted to wait on Queen Street between Metcalfe and Elgin Streets. No fee for use of these areas is being charged by the Region.

## DISCUSSION

The fee of \$10,000 per sightseeing tour operator may not be a fair means of charging fees to operate sightseeing tours. Some tour operators have a number of vehicles in operation and operate extensively through Ottawa-Carleton. Others have a relatively small number of vehicles and only a small portion of the overall tour operates in the Regional Area. Presumably, those operators who have a number of vehicles and operate a number of tours generate greater revenues to defray any fees.

Short of undertaking a formal request for proposals process, it is difficult to assess what fees should be charged for an authorization to operate a sightseeing service. The only other known sightseeing tour service operating within Ottawa-Carleton is the boat tour service on the Rideau Canal. The canal boat tour service operates under an authorization granted by the National Capital Commission (N.C.C.). The tour operator receives the exclusive right to operate a boat tour on the canal and the right to erect a kiosk on Confederation Boulevard in order to sell tickets. Under a request for proposals process, the N.C.C. established a minimum annual fee of \$50,000 for the right to operate this service.

## STAFF COMMENT

The right to operate a sightseeing service certainly has some value to potential operators. OC Transpo has required that operators enter into agreements with sightseeing operators. These agreements include conditions defining the routes to be followed, the types of vehicles to be used, provision of annual Safety Standards Certificates demonstrating the fitness of the vehicles used for the service, as well as provision of proof of a minimum level of third party liability insurance. OC Transpo does incur some administrative costs in granting these authorizations and ensuring that vehicle safety and insurance requirements are being met. Any charge should also take into account the fact that any right being granted is not exclusive.

As indicated above, current fees charged to operators are not necessarily fair as between different operators. This is particularly the case where tours only operate partly within Ottawa-Carleton and operators are required to obtain authorizations from other authorities.

There are a number of methods by which fees could be established for these authorizations. Fees could be charged on the bases of revenues or passenger volumes; however, this would require an on-going

reporting to the Commission and staff time to review and analyze or audit the results. Charges could also be imposed on the basis of the number of seats available in a vehicle, requiring a potential review of the seating capacity of vehicles and the number of seats in the vehicle. Charges could also be imposed on the basis of the number of vehicles being operated. Any such charge should account for the fact that some operators will not operate their vehicles at all times and will keep some buses for use during peak periods in the tourist season.

Staff recommends that charges for sightseeing tour operations be set at a rate of \$2,000 per vehicle operating during the period of 1 May to 31 October, to a maximum of \$10,000 per operator. Staff further recommends that these fees not be charged to operate a sightseeing tour as part of a tour visiting Ottawa-Carleton from outside the Regional Area. The imposition of fees for these tours could dissuade tour operators from including Ottawa as a destination in future tours. Furthermore, the collection of these fees upon tour operators located out of town or possibly out of the country would be very difficult. These bus operations from out of town are subject to provincial or federal regulatory requirements through the Ontario Highway Transport Board.

### PUBLIC CONSULTATION

A copy of this report is being provided to sightseeing tour operators referred to in the report along with an indication of the date, time and location of the meeting of the Transit Services Committee when this matter will be considered. The report is also being provided to the Ottawa Tourism & Convention Authority, the National Capital Commission and the Regional Municipality.

### FINANCIAL IMPLICATIONS

Based upon known current sightseeing operations, the imposition of this fee schedule will result in a reduction of \$8,000 annually in potential revenues to the Commission.

*Approved by  
Gordon Diamond*