
CITY OF KELOWNA
MEMORANDUM

Date: June 6, 2001
File No.: 0230-20
To: City Manager
From: Director of Parks and Leisure Services
Subject: Partnership with the Mission Community Centre

RECOMMENDATIONS:

THAT the City of Kelowna establish a partnership with the Okanagan Mission Community Hall Association (O.M.C.H.A.) for the development of tennis facilities;

AND THAT the City Council approve a grant of \$80,000 to the O.M.C.H.A. toward the costs of construction of the outdoor tennis facilities to be funded from the Major Facilities Reserve;

AND THAT the City provide a loan guarantee to a lender to enable the O.M.C.H.A. to borrow \$350,000 to finance the capital costs for a fixed structure to cover the existing three tennis courts on the Society's land subject to the required counter-petition process;

AND THAT the O.M.C.H.A. be responsible for all costs associated with the construction of the facility and tennis courts;

AND THAT staff be instructed to prepare the required by-law and counter-petition process;

AND THAT staff prepare a lease agreement for the portion of land needed by the O.M.C.H.A. for the outdoor tennis courts, such lease to be at \$1 per year, with the term of the lease concurrent with the capital debt financing and subject to renewal;

AND THAT the lease includes provisions for full public access to the outdoor tennis courts so that the general public has equal access to the courts for a nominal hourly fee;

AND THAT all of the above be subject to the amalgamation of the Okanagan Mission Community Hall Association with the Okanagan Mission Community Tennis Association, and the O.M.C.H.A. passing the resolutions required to give them the legal authority to enter into the lease, borrow funds, and transfer land to the City;

AND THAT the City's loan guarantee be subject to City Council's consideration of the required loan authorization by-law and counter-petition process;

AND THAT City Council consider the required amendments to the City's budget at such time as the lease, counter-petition process, and lending agreements are finalized and approved by City Council;

AND FURTHER THAT the O.M.C.H.A. be responsible for any required rezoning, development permit, and building permits while the City is responsible for the required land assembly and lot line changes.

BACKGROUND:

The Okanagan Mission Community Hall Association and the Okanagan Mission Community Tennis Association are in the process of amalgamating to create a more efficient organization to meet the needs of their members and the Okanagan Mission community. Both groups have a long tradition as community volunteer organizations including the very successful development of grassroots junior and adult tennis programs and other services funded from user fees. The current proposal to improve the tennis facilities, and the longer-range development plans for the Associations require a combined organization.

The attached proposal from both Associations creates an opportunity for a significant improvement to the tennis facilities available to the public. The creative partnership proposed reduces the financial demand on the City compared to developing these facilities on other City land at the City's cost. As staff, we believe that this development will reduce the demand for a municipal tennis facility and delay the need for larger capital expenditures. Currently the number of indoor tennis courts in the community is considerably below the average for communities of this size.

The proposal is to construct a fixed structure over the three existing courts on O.M.C.H.A. land at a cost of approximately \$350,000. Also a grant of \$80,000 is requested from the City to go toward the costs of construction of three outdoor tennis courts which will be located on City-owned land. The courts would be leased to the O.M.C.H.A. for \$1 per year with the term of the lease concurrent with their debt financing on the building covering the existing three courts.

The proposal is based on a business plan that projects a full capital cost recovery over fifteen years and the generation of modest surpluses that will sustain the operations. The City is not required to subsidize the operation or the capital debt financing. We believe this is a healthy model because of the high level of community ownership and commitment.

The City is being asked to provide a loan guarantee for \$350,000 in debt financing. The Society will be required to maintain the loan in good standing with its lender and the City would only become involved in the event of default. It is a similar model to that being used with the Kokanee Gymnastics Club facility and the YMCA-YWCA development of the Athans Aquatic Centre. Should the loan not be in good standing and the Society becomes insolvent, then the City would be required to either repay the loan or make the regular payments required by the lender. The by-laws of the Society turn over the assets of the Society to the City in the event of insolvency. A tripartite agreement is required between the Society, the City, and the lending institution. It will provide protection to the City in the event of a loan default.

The loan guarantee is subject to a counter-petition process and requires a loan authorization by-law. These will be advanced for City Council's consideration in a public meeting as soon as possible if Council approves the recommendations included in this report.

The O.M.C.H.A.. has a commercial tenant who has been renting a building on their site for use as a licensed childcare centre. It is owned and operated by Murray and Patricia Pickens. Mr. Pickens has sent a letter to the City expressing concern that the proposal from the Hall Association results in their lease not being renewed. They were given written notice that their lease would not be renewed in a letter dated March 30, 2001, to take effect August 31, 2001. He has asked the City to make the property next to the Mission Firehall available for development as a childcare centre. This site is planned to be part of the future community park development. Staff would not recommend its use for childcare because of its planned future park use. It would also represent a shift in municipal policy for the City to provide land for commercial childcare operations. Contrary to the information in the letter from Mr. Pickens, the City does not operate childcare facilities at the Parkinson Recreation Centre or at the Kinsmen Fieldhouse in Mission District Park. We do have a long-standing lease to a non-profit society for a childcare operation in Cameron Park. We do not have any examples of the City providing land for commercial childcare operations. The letter from Mr. Pickens is attached.

David L. Graham
Director of Parks and Leisure Services

DLG/cm

Attachs:

cc: Deputy Director of Finance and Treasurer
Land Agent

bcc: Parks Manager
Civic Properties Manager
Recreation Manager
Facilities Supervisor