
CITY OF KELOWNA

MEMORANDUM

Date: March 5, 2002
File No.: 6140-20
To: City Manager
From: Parks Manager
Subject: Mission District Park Sport and Recreation Facilities

RECOMMENDATIONS:

THAT staff begin negotiations with RG Properties Ltd. for the design, financing, construction, ownership, operation and maintenance of the Mission District Park Sports and Recreation Facility;

AND THAT City Council appoint the Director of Parks and Leisure Services, the Director of Finance and Corporate Services, the Deputy Director of Finance and the Parks Manager as the City's Negotiating Team;

AND THAT the Negotiating Team develop the Main Business Terms subject to City Council's approval, prior to the preparation of legally binding agreements;

AND THAT the Negotiating Team has a goal to complete the Main Business Terms within two months and update City Council in-camera every two weeks on the status of negotiations;

AND THAT the Negotiating Team recommend an alternate process for development and ongoing maintenance and operation of the sport and recreation facilities in the event that the Negotiating Team is unsuccessful in developing main business terms within an acceptable time;

AND THAT the process of obtaining the necessary rezoning approvals and full exclusion from the ALR begin immediately;

AND FURTHER THAT the City of Kelowna ask the MKT Development Group to allow their proposal to be considered in the event negotiations with RG Properties is not successful.

BACKGROUND

At the regular meeting of City Council held Monday, October 24, 2001, the following resolution was adopted:

That staff issue a Request for Proposals to build at a minimum two ice arenas, an indoor multi-purpose fieldhouse that would accommodate among other things two indoor soccer fields that can be used for box lacrosse, inline hockey and ball hockey, a recreational running track and associated leisure commercial facilities as per the Mission District Park Concept Plan;

AND THAT the request for proposals be issued to the following proponents:

1. Consortium of Canlan Ice Sports Corp. and MKT Development Group Inc.
2. RG Properties Ltd.
3. Consortium of Stuart Olson Constructors Inc., Nustadia Developments and PBK Architects.

The RFP closed on January 22, 2002 and we received two submissions, one from the consortium of Canlan Ice Sports Corp. and MKT Development Group Inc. and the other from RG Properties. A staff team evaluated both proposals and the best proposal was deemed to be RG Properties Ltd. Attached are the criteria used to evaluate the proposals.

The Main Business Terms is a non-binding memorandum of understanding completed prior to finalizing legal agreements. Negotiating an agreement with RG Properties to build and operate a recreation facility is a complex matter requiring agreement on many difficult issues including among other things: location of the facility on the site, building design, community use time, maximum City capital contribution, annual payments by the City, risk transfer, future development rights, commercial components and tax payment obligations.

The Negotiating Team will provide in-camera progress reports to City Council at least every two weeks. Direction from Council will be sought as needed throughout the negotiation process. Normally the negotiation of the Main Business Terms takes several months however, it is the goal of the Negotiating Team to complete this task in approximately two months or to begin an alternative process to complete the sport and recreation facilities. Options include considering MKT (or other Project Managers) in the design and construction of the sport and recreation facilities, with the project fully financed by the City and with a contract operator. It is beneficial in the City's negotiating process to have a viable alternative to the R.G. Properties Ltd. proposal.

Joe Creron
Parks Manager

Attachment
Cc Director of Parks and Leisure Services
 Director of Finance and Corporate Services
 Director of Planning and Development Services
 Director of Works and Utilities
 Deputy Director of Finance

