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**CITY OF KELOWNA**  
**MEMORANDUM**

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**Date:** January 9, 2006  
**File No.:** 0870-20  
**To:** City Manager  
**From:** Civic Properties Manager  
**Subject:** Knowles House – 865 Bernard Avenue – Phase Two

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**RECOMMENDATIONS:**

THAT City Council enter into a new five year contract with Kelowna South Central Association of Neighbourhoods (KSAN) for the City property at 865 Bernard Avenue in accordance to the terms and conditions outlined in the agreement attached to the report dated January 9, 2006;

AND THAT City Council approve a loan in the amount of \$40,000 to KSAN subject to the terms set out in the attached agreement and confirmation of additional funding from Human Resources Development Canada (HRDC). The loan is to cover half the costs of phase two for renovations to the City owned Knowles House;

AND THAT the City is to be repaid out of KSAN rental income (account number 618-10-217-CV155-9400) amortized over five years;

AND THAT prior to advancing the loan, Council give notice of its intention to do so in accordance with the requirements of sections 24 and 94 of the Community Charter;

AND FURTHER THAT Council authorize the Mayor and City Clerk to execute the Lease and Loan agreement on behalf of the City of Kelowna.

**BACKGROUND:**

On June 19, 2000, Council approved a grant of \$6,500 to KSAN to cover the cost of the city/code driven requirements for the renovation of the City-owned heritage house at 865 Bernard Avenue. In addition, Council approved a loan to KSAN of \$11,500 to cover the balance of their funding deficiency for the project. This loan has now been repaid with interest.

KSAN is requesting a loan to cover half the costs of phase two for renovations to the City owned Knowles House. This phase two renovation is to accommodate a caretaker's suite. The benefit of having someone live on site should help deter vandals; thereby ensuring Park security.

The total cost of phase two is estimated at \$80,000. The \$40,000 loan will be repaid out of their rental income and amortized over five years. KSAN will loan the project \$14,000 from their reserves and the balance will come from Human Resources Development Canada (HRDC). In order to be able to apply for HRDC funding they need some form of commitment from the City.

The loan will be subject to KSAN confirming in writing that they have HRDC funding assistance. The funding is as follows:

City of Kelowna	-	40,000
KSAN	-	14,000
HRDC	-	<u>26,000</u>
Estimated Project Cost	-	\$80,000

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Ron Forbes  
Acting Civic Properties Manager

JW/kv

Attachments