City of Kelowna MEMORANDUM

DATE: September 27, 2006

FILE: 1970-50

TO: City Manager

FROM: Director of Financial Services

RE: Permissive Tax Exemption - Partnering at Capital News Centre

RECOMMENDATION:

THAT Council consider a bylaw under Section 225 of the Community Charter to exempt all areas providing a municipal service in the Capital News Centre at 4105 Gordon Drive from municipal taxation for the period concurrent with the partnering operating agreement with RG Facilities (Mission) Ltd., expiring on December 31st of the taxation year 2028;

AND THAT Council authorize the Mayor and City Clerk to enter into an exemption agreement with RG Facilities (Mission) Ltd. for the period concurrent with the partnering operating agreement, expiring on December 31st of the taxation year 2028.

BACKGROUND:

Under the partnering provisions in Section 225 of the Community Charter, Council has the authority to grant a permissive tax exemption for the Capital News Centre that can extend through the agreement period. Under the terms of the agreement with RG, a permissive tax exemption will be provided for all areas providing a municipal service in the facility which are included under roll number 4078.316. The areas deemed to be used for business purposes, Boomer's Bar and Grill and Pinnacle Sports Physiotherapy Kelowna, are under separate roll numbers and will continue to be subject to property taxation.

This bylaw will provide certainty and will mitigate annual administrative effort in seeking approval of an exemption agreement, bylaw and Order-in-Council by the province to exempt the school and other taxes on the Capital News Centre for the term of the partnering agreement. There is a similar bylaw in place for Prospera Place.

If there are future additions, deletions or changes to the business related areas in the facility, either new roll numbers will be created by BC Assessment or an amendment to the bylaw may be required.

Paul	Macklem	

This agreement dated the day of	, 2006.
---------------------------------	---------

BETWEEN:

City of Kelowna 1435 Water Street Kelowna, BC V1Y 1J4

AND:

RG Facilities (Mission) Ltd. (address)

WHEREAS:

- A. The City of Kelowna has entered into a partnering agreement (the "Partnering Agreement") with RG Facilities (Mission) Ltd. to operate a recreation and sports centre at Mission Recreation Park in Kelowna on land owned by the City and leased to RG Facilities (Mission) Ltd. at 4105 Gordon Drive, Kelowna and having a legal description of Plan KAP46027, Lot 2 and property tax roll number 4078.316;
- B. The Community Charter authorizes the Council of the City of Kelowna to, by bylaw, exempt eligible partnering property from municipal property taxation;
- C. The Community Charter authorizes the City of Kelowna to enter into an exemption agreement with the owner (as defined by Section 1 of the Schedule to the Community Charter) of eligible partnering property that is to be exempt respecting the extent of the exemption and the conditions on which it is made;

NOW THEREFORE for good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties agree as follows:

- 1. The municipal property taxation exemption shall apply to the property that is the subject of the Partnering Agreement, save and except those areas of the centre which are presently occupied by "Boomer's Bar and Grill" and "Pinnacle Sports Physiotherapy Kelowna".
- 2. This agreement shall apply for a period running concurrent with the Partnering Agreement, which is set to expire on December 31st of the taxation year 2028, unless terminated at an earlier date in accordance with the terms therein.

Executed by the City of Kelowna, By its authorized signatories:	
Mayor	
Clerk	

Executed by RG Facilities (Mission) Ltd., By its authorized signatory:

Dave Marritt, CFO Kelowna Operations