
CITY OF KELOWNA

MEMORANDUM

Date: January 14, 2009
File No.: 2240-20
To: City Manager
From: Director of Strategic Initiatives & Intergovernmental Partnerships
Subject: Family "Y" Gym Expansion Budget Discussion

RECOMMENDATION:

THAT City Council receive for information the report dated January 14, 2009 from the Director of Strategic Initiatives and Intergovernmental Partnerships

AND THAT consideration of further City financial commitment to the gym expansion be deferred pending Council review on the revised 10 Year Capital Plan to be scheduled in advance of final budget discussions on May 4, 2009.

BACKGROUND:

During City Council's budget deliberations, Council asked for a report to update Council on the previous commitments by the City regarding the proposal to expand the Kelowna Family "Y". Here is a summary:

1. The ***Capital Development and Management and Lease Agreement*** between the YMCA-YWCA of the Central Okanagan (the "Y") and the City is a 30 year contract for the development and operation of the City-owned facility known as the Kelowna Family "Y". This Agreement was entered into in 2001 and reserved land adjacent to the facility for potential future development.
2. In May of 2008, City Council passed resolutions regarding the currently proposed expansion and associated fundraising drive. A copy of the resolution is attached. The effect of these resolutions was to approve in principle the current expansion plans, endorse the associated fundraising drive, and to give future consideration to further capital funding. Staff was instructed to continue to work with the Y on an approach to funding their request. The staff report presented at the time is also attached.

FINANCIAL/BUDGETARY CONSIDERATIONS:

The report previously submitted to Council noted that this project is not included in the City's 10 Year Capital Plan and that funding it would require either delaying other projects in the Plan or require raising additional funding through taxation. Except for the \$250,000 approved by Council in the 2009 budget, a request for \$2 Million from borrowing in 2008 remains unfunded.

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Considerations that were not applicable to this report:

INTERNAL CIRCULATION TO:
LEGAL/STATUTORY AUTHORITY:
LEGAL/STATUTORY PROCEDURAL REQUIREMENTS:
EXISTING POLICY:
PERSONNEL IMPLICATIONS:
TECHNICAL REQUIREMENTS:
EXTERNAL AGENCY/PUBLIC COMMENTS:
COMMUNICATIONS CONSIDERATIONS:
ALTERNATE RECOMMENDATION:

Submitted by:



D. Graham
Director of Strategic Initiatives and Intergovernmental Partnerships

Approved for Inclusion:



Attach: Council Report dated May 1, 2008
Excerpt of Council Resolution from May 12, 2008 Council Meeting Minutes
Capital Project Summary

c.c. Director – Infrastructure Planning & Asset Management
Director – Financial Services
Director – Active Communities

CITY OF KELOWNA

MEMORANDUM

Date: May 1, 2008
File No.: 2240-20
To: City Manager
From: Director of Recreation, Parks and Cultural Services
Subject: YMCA-YWCA Proposal to Expand the Kelowna Family 'Y'

RECOMMENDATION:

That City Council approve in principle an expansion of the Kelowna Family 'Y' to include a gymnasium, multi-purpose rooms, a walking/running track, and a youth activity space;

AND THAT City Council endorse the efforts of the YMCA-YWCA of the Central Okanagan to raise the required capital funds by seeking grants from other funding bodies and by seeking donations from the business community and local citizens;

AND THAT City Council consider including a capital contribution toward the project in the City's Ten Year Capital Plan and 2009 Financial Plan;

AND FURTHER THAT staff be instructed to work with the representatives of the 'Y' to determine the appropriate timing, level, and mechanism for City funding.

BACKGROUND:

The YMCA-YWCA of the Central Okanagan operates the Kelowna Family 'Y' under a long term management and operating agreement with the City that began in 2001 and ends in 2031. The City of Kelowna owns the land and the building.

In 2001, the facility was renovated and expanded by the addition of fitness and program spaces. The 'Y' contributed \$1.8 million and the City \$1 million to cover the \$2.8 million expansion cost. A gymnasium was included in the original expansion plan but was not integrated into the final design due to budget limitations.

The Agreement allows for additional future expansion and any such additions made to the building in the future will also be owned by the City and can be managed by the 'Y' under the existing agreements, subject to updating that may be required to reflect the addition.

Since the recent expansion and renovation of the facility in 2001, the 'Y' has completely met its financial commitments to the City, and the levels of participation and revenue have exceeded the original targets.

The community served by this facility continues to experience significant growth. The results of a Market Study commissioned by the 'Y' in 2006 indicates that community demand for additional spaces for programs and recreational activity is well established and exceeds existing capacity. The 'Y' has experienced a significant increase in families using the facility and does not have sufficient program spaces to accommodate the need and demand for active programs for children and youth.

The proposed addition will allow considerable expansion of the services offered by the 'Y', allow for more family-oriented and activity-based programming, and increase the overall community benefits derived through our partnership. The proposed additional spaces will not require any increase in the City's annual operating grants to the 'Y'. Please review further details on the project in the attachment provided by the 'Y'.

The 'Y' has embarked on a Capital Campaign Feasibility Study to assess its potential success to raise funds through corporate donations, private donations, foundations, other funding agencies and other levels of government. The results of this study will be known by the end of June, this year. With regard to funding from other levels of government, the 'Y' has requested that this project be a priority in the City's 2009 capital funding application under the 'Building Canada' infrastructure program.

Concurrently with the 'Y's' fund raising feasibility study, it is recommended that City staff work with representatives of the 'Y' to determine an appropriate level of civic funding, and the timing and method of providing the funding. In staff's preliminary review of this project, we have noted that civic funding could be structured in a number and combination of different ways. These could include direct capital contributions spread over one or more years, interest free loans to the 'Y', re-structuring of the 'Y's' current obligations to the City, and/or changes to the City's stream of payments to the 'Y'. The amount of debt that can be reasonably carried by the 'Y' for this expansion project also needs to be carefully considered.

This facility expansion is not within the City's Ten Year Capital Plan. If City Council wishes to make a capital contribution, it will require delaying other projects currently within the capital plan or raising additional funding through taxation. The 'Y's' preliminary estimates are for a \$4.8 million project requiring a \$2 million capital contribution from the City. This amount could fluctuate depending on the fund raising and debt servicing capacity of the 'Y'. For reference purposes only, the tax implication of a \$2 million capital contribution to this project by the City would be approximately 0.2%.

INTERNAL CIRCULATION TO: Director of Financial Services, Sport and Recreation Manager, Civic Properties Manager

LEGAL/STATUTORY AUTHORITY: Should the City decide to provide debt financing to the project, a public approval process will be required.

FINANCIAL/BUDGETARY CONSIDERATIONS: The current Ten Year Capital Plan does not include this project. Providing funding will limit the City's ability to fund other unfunded projects. Using funds already allocated in the Ten Year Capital Plan will defer needed planned projects. This project is worth considering because a significant portion of the capital will come from other sources and additional operating costs are the responsibility of the 'Y' and fully recoverable through revenues.

Considerations that were not applicable to this report:

LEGAL/STATUTORY PROCEDURAL REQUIREMENTS
EXISTING POLICY
PERSONNEL IMPLICATIONS
TECHNICAL REQUIREMENTS
EXTERNAL AGENCY/PUBLIC COMMENTS
COMMUNICATIONS CONSIDERATIONS
ALTERNATIVE RECOMMENDATION

Submitted by:



David Graham
Director of Recreation, Parks and Cultural Services

Attachment

Cc: Director of Financial Services
Civic Properties Manager
Sport and Recreation Manager

Regular Meeting – P.M.

May 12, 2008

- 7.5 Director of Recreation, Parks and Cultural Services, dated May 1, 2008,
re: YMCA-YWCA Proposal to Expand the Kelowna Family "Y"

Staff:

- The 'Y' has asked that Council consider this as a "priority" in order to assist with grant funding applications.

Moved by Councillor Given/Seconded by Councillor Letnick

R447/08/05/12 That City Council approve in principle an expansion of the Kelowna Family 'Y' to include a gymnasium, multi-purpose rooms, a walking/running track, and a youth activity space;

AND THAT City Council endorse the efforts of the YMCA-YWCA of the Central Okanagan to raise the required capital funds by seeking grants from other funding bodies and by seeking donations from the business community and local citizens;

AND THAT City Council consider including a capital contribution toward the project in the City's Ten Year Capital Plan and 2009 Financial Plan;

AND FURTHER THAT staff be instructed to work with the representatives of the 'Y' to determine the appropriate timing, level, and mechanism for City funding.

Carried

2009 CAPITAL PROJECT SUMMARY

CITY OF KELOWNA

PROJECT	DESCRIPTION	TOTAL COST
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6. 10-220-C5254 FAMILY "Y" GYM EXPANSION \$350,000

Strategic Plan Objective: Ensure the availability of fiscal and human resources to provide quality services (recreation, culture, fire, police, planning, works and utilities).

The Kelowna Family "Y" located at the Rutland District Recreational Park adjacent to the Okanagan Gymnastic Centre is proposing a 12,960 sq.ft. expansion of the City-owned facility that would include a gymnasium, two multi-purpose rooms, a walking/running track, an open-concept youth centre and a 2nd floor expansion of the fitness and conditioning space. The expansion is geared to meet the needs and expectations of a growing residential community. This project will provide a more comprehensive community centre in Rutland. A recent independent quantity survey estimated the project cost at \$5M. The "Y's" business case is based on a \$2M contribution from the City and the remaining \$3M coming from donations. Their capital campaign has already raised \$750,000 in corporate donations. They expect that corporate donations will reach 80% of the \$3M target by May after which time they will seek the remainder from the general public. Full funding is anticipated in advance of the award of a construction contract in late 2009. The cash flow for the City's contribution would be \$350,000 in 2009 to support tender and construction documentation and the remaining \$1,650,000 in 2010 to support construction..

10 Year Capital Plan reference #C18

Ongoing Operating Cost

	Taxation	Reserve	Borrow	Fed/Prov	Dev/Com	Utility
Funding	350,000					



Building on Our Momentum

KELOWNA FAMILY **Y** EXPANSION

The YMCA-YWCA of the Central Okanagan is very excited to submit our proposal to expand the Kelowna Family Y, embarking on the next phase in our partnership with the City of Kelowna to meet the needs and expectations of our growing community. For over 25 years the Y has been a trusted partner organization in the delivery of quality programs, excellent customer service, community development and health promotion, as well as organizational and financial performance.

Our Vision for the Kelowna Family Y, as outlined within this proposal, details the next level of facility expansion and improvement needed in order to continue to serve our community. This, coupled with high quality programs and services, will ensure the most successful outcomes for the City of Kelowna, the YMCA-YWCA of the Central Okanagan, and most importantly, the local community.

Achievement of this vision will require investments from the YMCA-YWCA, the City of Kelowna, the corporate community and the general public. A total capital investment of \$2,000,000 is requested from the City of Kelowna on this \$4.8 million project. With growing need, and ever escalating construction costs, the time to expand this facility is now.



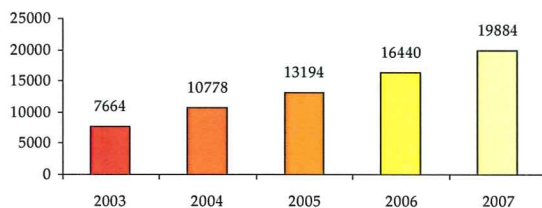
Quick Y Facts

Annual Revenue: 4.7 million

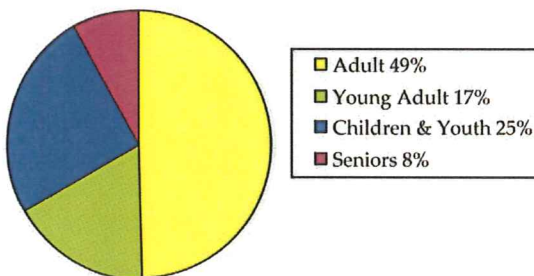
Number of Employees: 90

Number of Volunteers: 150

Number of People Served



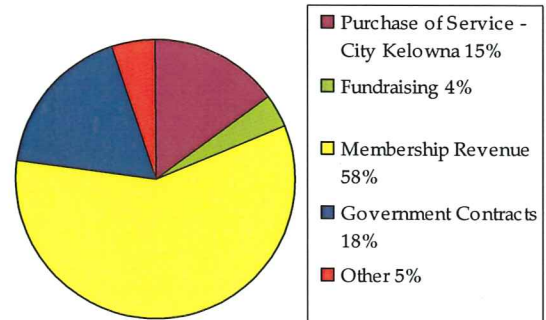
Ages Served by the YMCA-YWCA



Core Programs

- Health and Wellness
- Child Care
- Employment
- Youth
- Volunteerism
- Leadership
- Day Camp
- International

Revenue Breakdown



Facilities

- 5 Childcare Centres
- Kelowna Family Y
- Career Contact Centre for Youth

New Projects

- Quigley Childcare Centre: Opening Fall 2008
- Mission Aquatic Centre: Opening Spring 2009
- Okanagan College Daycare: Opening Fall 2009

Core Values

- Caring
- Honesty
- Respect
- Responsibility

Community Health is the Reason **Y**

*Supporting the physical, mental and social
development of individuals.*

With only 58% of Central Okanagan residents reporting regular physical activity, it's important to make being active as convenient as possible. Providing opportunities for family members to be active together – engaged in the same or different activities at the same time in the same place – is one way to accomplish this.

Reaching the Most Vulnerable

Vulnerable children come from all walks of life, there is no socioeconomic threshold. Those who have a good start in life are far less likely to have behavior problems, drop out of school or become involved in substance abuse or crime as they move into their teenage years. Children need strong family support, proper nutrition, healthy physical activity and social interactions to grow up healthy. They need to be nurtured, loved and given the opportunity to develop to their full potential.

- 25% of children in Central Okanagan are not ready to succeed in school by age six. These children do not have the physical, social and emotional skills they need to learn, start school, and contribute to society in later years.
- In 2004, more than 1 in 4 children and youth in Canada ages 2 to 17 years were either overweight or obese – this is more than double the rate since the late 1970's. In Central Okanagan the physical health and wellbeing domain is where children lag the most.
- Research shows that for every dollar invested in high quality child care, at least two dollars are saved by reducing social costs and increasing work productivity. For children in high risk situations, the payback can be as high as 7 to 1. The return on investment comes back through increased tax revenues, and decreased social, education and health costs.

Healthier, More Active Children

Children know how to play but today there are fewer places to play. No longer is it safe to allow our children to go outside and play in the neighborhood. Instead, children are engaged in sedentary leisure activities like computer games. The recently released report card on physical activity for children and youth gave Canada a "D" grade for the third year in a row as 91% of Canadian Children are not getting the recommended 90 minutes of activity per day.¹ More and more, lifestyles reflect poor nutrition and inactivity leading to obesity in children and youth who are being diagnosed with adult diseases such as Type II diabetes,

¹ Older but not wiser; Canada's future at risk. Canada's Report Card on Physical Activity for Children and Youth. Active Healthy Kids Canada. 2007.

high blood pressure and hypertension. Children need increased opportunities to stay active. Establishing a routine of daily physical activity is crucial for developing a healthy lifestyle, and this starts at an early age.

Positive Influences for Youth

RCMP tell us there is an urgent need for safe and caring gathering places for youth to engage in healthy, active pursuits. As Kelowna grows as a city, more opportunities to engage and support youth must be created in order to deter their participation in at-risk activities. When youth participate in Y programs their self-esteem, health and likelihood of a positive future all increase. And their parents and families benefit from knowing that they are not alone in raising their children.

According to Statistics Canada 10,700 males between the age of 15 and 24 years live within an 8 km radius of the Kelowna Family Y yet our user demographics show a significant gap in participation by men and boys in this age group. Inclusion in sports and recreation is one way to engage young men and can be a catalyst for change in a young man's life.

More Active Seniors

By 2015, the population of seniors will outnumber that of people under the age of 15 years. Our diverse seniors want a variety of active and rehabilitative programs and require the overall connection to community that recreation can provide. Spaces that encourage safe, moderate activity and promote social interaction are in high demand.

New Ways to Address Chronic Disease Management

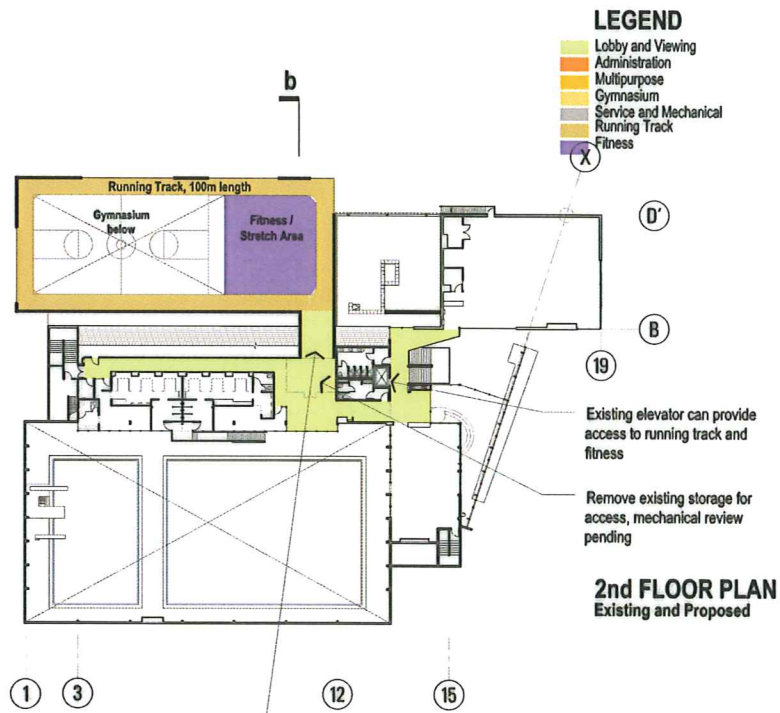
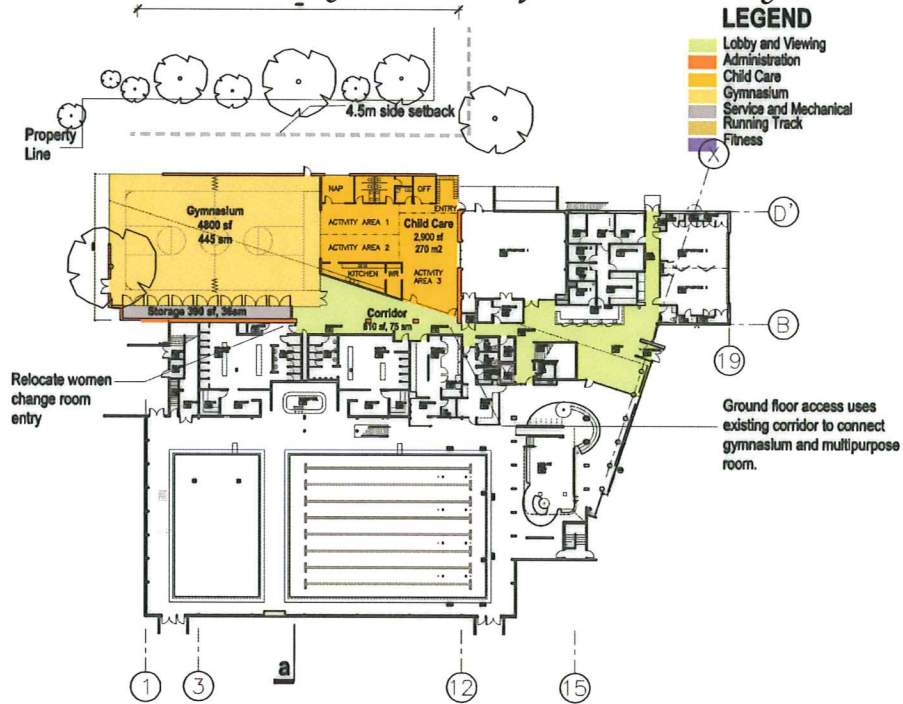
Helping individuals make significant changes to their lifestyles after being diagnosed with chronic diseases such as diabetes, osteoporosis and heart disease is integral to rehabilitation but cannot be achieved within the medical system alone. Programs that combine activity, education and socialization have shown excellent results in helping people achieve success.

Attracting 'Families' to the Central Okanagan

The sustained growth of our community depends on a talented, abundant workforce. And people want a balance between life, work and play. In order to attract new workers and more specifically, families to the Central Okanagan, we need great amenities such as playgrounds, parks, green space and attractive recreational facilities that rival other communities.

The Completed Project:

A Healthy Centre of Community



Investing for Community Benefit

*Responding with vital programs
and services for everyone*

An expanded Kelowna Family Y will have the capacity to serve an additional 4000 regular users or a possible 400,000 more visits per year, ensuring that this facility will meet the needs of the Rutland and area community well into the future.

The results of a professional Market Study conducted in the fall of 2006 clearly showed the need and support for non-aquatic, multi-age, sports oriented and simultaneous programming as well as the demand for opportunities for spontaneous activities for all ages throughout the day.

Expected Outcomes

- 10% increase in user retention
- 20% increase in new participants
- 20% increase in youth involvement
- 10% increase in senior involvement
- 25% increase in program revenue
- 5 new health promotion/chronic disease management programs
- 5 new seniors' active living programs
- 1 new licensed afterschool care program
- Prime-time simultaneous family programming
- Organized and drop-in sports

The expanded Kelowna Family Y will offer a wide range of new programs including:

Sports Programming

- Both organized and drop-in sports for all ages
- Rental opportunities for organized leagues
- Multi-sport and learn-to-play programs for children

Youth Programming

- 'Youth in Action' leadership programs for ages 11 to 16 years
- Opportunities for the Y and other groups to offer programs such as martial arts, art classes, dance and creative movement
- A drop-in youth activity space with interactive equipment that encourages physical activity and socialization

Family Programming

- Indoor playground for parents and tots
- Family dances, community socials and family fitness classes
- Parenting programs for expectant, single, and young parents and parents of pre-teens that support, educate and encourage the development of healthy families
- New safe, flexible, and economical childcare options that integrate activity into daily programming
- Stroller-walking and strollercize for caregivers and babies

Children's Programming

- Unstructured play for various age ranges and abilities with an emphasis on fun and participation rather than competition
- Learn to play sports programs for pre-schoolers
- Early learning programs focused on the development of social skills and physical health and well-being to ensure that the most vulnerable children are reached

Seniors Programming

- An inter-generational approach to seniors programming where every age is welcome but with a focus on health promotion and injury prevention
- Land-based Building Better Bones and Gentle Joints programs
- Safe indoor walking programs year round for seniors who are mindful of safety and potential falls

Targeted Health Programming

- Nutrition, smoking cessation and other health education sessions
- A new exercise retention program, YMCA Coach Approach, designed to attract and encourage those who are inactive
- Expanded targeted health programs with a focus on diabetes, osteoporosis, and heart disease

Growing Stronger

To benefit future generations.

Kelowna Family Y Expansion

Total Capital Cost

\$4,800,000

It is anticipated that the following capital funding sources will be used to complete the \$4.8 million expansion project.

Capital Campaign	\$2,000,000
YMCA-YWCA Capital Reserves	\$ 500,000
City of Kelowna	\$2,000,000
Borrowing	\$ 300,000

The Capital Campaign

The YMCA-YWCA of the Central Okanagan is planning a Capital Campaign to raise funds in support of this project. As a charitable organization, the Y's future depends on philanthropy, membership fees and the efforts of volunteers to fulfill our mission. However, we believe we must proceed carefully and with as much information as possible in order to improve our capacity to achieve this goal. A critical next step to assess the project and our ability to raise funds is a Feasibility Study, which was conducted in June 2008.

Common Values=Community Benefit

The YMCA-YWCA of the Central Okanagan and the City of Kelowna share common values in serving the community in which we work. The Y is excited and looks forward to collaborating with the City in an effort to offer high quality affordable programs and services to more people, providing access for all the community, from this facility.

Thank you for the opportunity to discuss and present our expansion proposal.