

# Memo



**Date:** September 8, 2010  
**File:** 1910-20-247  
**To:** City Manager  
**From:** Director - Real Estate & Building Services  
**Subject:** Loan to Kelowna Gospel Mission

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## **Recommendation:**

THAT Council acknowledge the loan of \$150,000 that was granted to the Kelowna Gospel Mission in 2006 as a contribution to the Kelowna Gospel Mission's capital campaign;

AND THAT Council direct staff to advise the Kelowna Gospel Mission that all terms of the previous Memorandum of Understanding dated November 10<sup>th</sup>, 2005 are considered extinguished;

AND THAT the Financial Plan be amended for this payment with funding of \$150,000 from the Land Acquisition Reserve.

## **Purpose:**

The purpose of this report is to address the \$150,000 that was provided by the City to the Kelowna Gospel Mission (KGM) in 2006. The purpose was to assist with the KGM capital campaign.

## **Background:**

In early 2005, as part of the work that was undertaken in partnership with the Premier's Task Force on Homelessness, Mental Illness and Addictions, the City began to partner with the KGM to work towards relocating the shelter services located within the buildings owned by the KGM at 251 and 259 Leon Avenue. The original intent was that the City would help to secure a suitable parcel of land for relocation and assist in the process of relocating the KGM shelter. This was, in part, an effort to improve the economic interest in this part of Kelowna's downtown. The City contributed significant staff time and paid for the cost of consultants hired to determine the appropriate building form and site needed to address the needs of the KGM.

In order to solidify an ongoing partnership a Memorandum of Understanding (MOU) between the City and the KGM was reached and signed in November, 2005. At the request of the KGM, the MOU included a clause that the City would:

*"provide \$150,000 at no interest to the KGM for the purpose of assisting with the development of a capital campaign. The proceeds are to be repaid in full with the proceeds of the sale of the Mission."*

The work conducted in partnership with the KGM, City staff and the consultants resulted in a report to Council in May of 2006 that illustrated a proposal involving a 70,000 sq. ft. facility to accommodate the future growth needs of the KGM. The size of the campus-style concept was not

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anticipated by Council. A further investigation of available sites by staff; as well as a suggestion that KGM consider smaller, dispersed facilities, more consistent with successful housing services in the City; were put forward by Council.

Over the next year the KGM attempted to meet Council's suggestions and forged ahead with relocating some of their services and expanding others to appropriately-zoned, smaller properties with existing buildings. This work resulted in substantial costs being incurred by the KGM. As such they requested that the proposed \$150,000 be forwarded to their capital campaign. This occurred in September of 2006.

Further discussions between the City and the KGM concluded that the timelines for relocation of the shelter services were not consistent with the expectations of the MOU. As a result of the time deferral and other ongoing initiatives of the City, the MOU required amending. However, an amendment to the MOU to reflect current events was never achieved.

In July of 2007, a letter from the KGM indicated that the original MOU was no longer relevant and that the KGM would release the City from the MOU and all associated commitments. In part, it was felt that binding future Councils to a longer term commitment of this nature was inappropriate.

In light of there being no foreseeable sale and relocation of the KGM properties, staff contacted the KGM in early 2010 to discuss the expenditure of \$150,000. Subsequent to that the KGM provided the City with a letter identifying the allocation of the proceeds. Staff have reviewed this rationale and the \$150,000 expenditures (attached as Schedule 'A') and are satisfied that the KGM spent the funding in good faith and had every intent to proceed with the relocation terms of the MOU should it not have been for circumstances out of their control (i.e. CD#21 Rezoning).

Considering the present state of affairs and the improved operation of the KGM in recent years staff are recommending that Council acknowledge the \$150,000 loan as a contribution to the KGM Capital Campaign. Should the relocation of the KGM become relevant again sometime in the future a new agreement may be negotiated by the presiding Council, acknowledging the City's contributions to date.

**Internal Circulation:**

Director of Financial Services

**Financial/Budgetary Considerations:**

The \$150,000 will be funded from the Land Acquisition Reserve and requires a budget amendment. Any future partnership with the Kelowna Gospel Mission is recommended to include acknowledgement of all contributions to date.

**Considerations not applicable to this report:**

Existing Policy:

Legal/Statutory Procedural Requirements:

Legal/Statutory Authority:

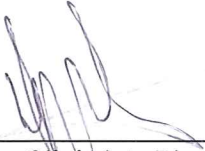
External Agency/Public Comments:

Community & Media Relations Comments:

Alternate Recommendation:

Personnel Implications:

Submitted by:



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Doug Gilchrist, Director  
Real Estate & Building Services

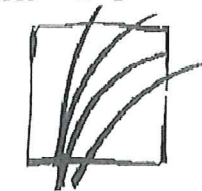
Approved for inclusion:



John Vos, General Manager, Community Services

cc: K. Grayston, Director, Financial Services

Schedule 'A'



Kelowna's  
Gospel Mission

August 4, 2010

Mission Law Group  
304 - 3320 Richter Street  
Kelowna, BC V1W 4V5

Attention: Joel Wiseman

Dear Joel,

Re: MOU with the City of Kelowna

In response to the request for a breakdown of the allocation of the funds received from the City of Kelowna, I give you the following information:

During 2005 and 2006, in preparation for a capital campaign, Kelowna's Gospel Mission expended over \$300,000. The \$150,000 loan from the City of Kelowna was to "assist in the development of a Capital Campaign" and therefore was allocated as follows:

- |  |        |
|--|--------|
| • Capital Campaign consultant (John Frank Company) : | 89,500 |
| • McLean Marketing Group:                            | 32,000 |
| • Wages - development director                       | 19,500 |
| • Printing and Publishing costs                      | 9,000  |

Naturally there was some overlap in the City's contribution and our own, since the figures listed are not the total amount that was spent on each department.

I trust this information adequately answers the request.

Sincerely,

Randy Benson  
Executive Director

Leading People into Wholeness

Phone: 250-763-3737 • Fax: 250-763-4018 • [www.kelownagospelmission.ca](http://www.kelownagospelmission.ca)