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CITY OF KELOWNA

MEMORANDUM

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**Date:** October 20, 2008  
**File No.:** 0880-20  
**To:** City Manager  
**From:** Development Manager, Recreation Parks and Cultural Services  
**Subject:** Memorandum of Understanding - RG Facilities (Mission) Ltd.

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**RECOMMENDATION:**

**THAT** Council approve the Memorandum of Understanding (MOU) between the City and RG Facilities (Mission) Ltd. (RG) for the use of the second floor mezzanine area of Capital News Centre (CNC) for a Participating Athlete Development Centre (PADC) as attached to the report from the Development Manager dated October 20, 2008;

**AND THAT** Council authorize the Director of Recreation Parks and Cultural Services, or designate, to execute the MOA for the City in order to carry out the duties, obligations and intentions as outlined in the MOU.

**BACKGROUND:**

In October 2007, Council directed staff to report back on alternative uses of the public fitness space in the CNC, which could include elite training facilities for athletes, prior to final agreements being entered into with the YMCA-YWCA.

In February 2008, Council authorized the one year notice to RG to terminate the use of the CNC for a temporary fitness area as defined in article 7 of the 2004 Addendum to Design Build and Operate Agreements, and further authorized staff to negotiate with RG to determine alternate uses based on the following criteria;

- a. Provide an identified community service or meet a community need,
- b. Complement the programs and services of other amenities in MRP, including the aquatic centre,
- c. Not compete with the new fitness services in the aquatic centre,
- d. Conform to the zoning bylaw for district parks.

The City and RG have now completed negotiations and have developed a Memorandum of Understanding (attached) which provides for a two year agreement for a Participating Athlete Development Centre to be located in the second story mezzanine of the CNC.

Some key components of the MOU include;

1. The purpose and benefits of the PADC are generally defined in the MOU, and will provide specific expertly designed physical testing and training programs targeted at serious athletes,
2. RG will continue to operate the existing fitness centre until the new fitness centre opens in the Aquatic Facility, (or other date as agreed by the parties),



4. The parties will meet semi-annually to review the PADC operations to include participation, equipment, and access to the CNC running track and discuss further options for the longer term.

Staff considers the discussions with RG to be positive and collaborative, and believe that the future discussions regarding the 'transition' and the semi-annual meetings noted above, will lead to further enhancements in public programs and services at Mission Recreation Park.

**INTERNAL CIRCULATION TO:**

Director of Recreation Parks and Cultural Services  
Sport and Recreation Manager  
Communications and Media Relations

**LEGAL/STATUTORY AUTHORITY:**

The second story mezzanine areas of the CNC are an allowable use for the PADC, consistent with "public recreation and sport purposes" as defined in the Design Build and Operating Agreement between the City and RG; this MOU is not a lease.

**FINANCIAL/BUDGETARY CONSIDERATIONS:**

The City provided funds in 2004 for alterations and equipment for this temporary fitness area. RG has paid \$200,000 to date in rent for the removable equipment and flooring. The Agreement from 2004 provides the option for RG to purchase all of the removable equipment and flooring. RG are exercising this option and will pay the remaining \$50,000 prior to April 1, 2009.

**COMMUNICATIONS CONSIDERATIONS:**

A Media Announcement is scheduled to be released on Friday, October 24, 2008.

Considerations that were not applicable to this report:

Personnel Implications:

Technical Requirements:

External Agency/Public Comments:

Legal/Statutory Procedural Requirements:

Existing Policy:

Alternate Recommendation:

Submitted by:



Development Manager, Recreation Parks and Cultural Services

Approved for Inclusion:



Cc: Director of Recreation Parks and Cultural Services  
Sport and Recreation Manager

Attachment

## Memorandum of Understanding

dated for reference the \_\_\_\_\_ day of \_\_\_\_\_, 2008,

Between

City of Kelowna  
1435 Water Street  
Kelowna, BC V1Y 1J4  
(the City)

and

RG Facilities (Mission) Ltd.  
2088-1177 West Hastings Street  
Vancouver, BC V6G 2K3  
(RG)

### Background;

1. On November 16, 2004, an Addendum to the Design Build and Operating Agreement between the City and RG authorized RG to establish a temporary fitness area in the second floor mezzanine area of Capital News Centre (CNC).
2. This above noted Agreement was for 5 years, with a provision for the City to terminate the agreement providing one year notice. The City did provide that one year notice effective February 28, 2009.
3. The City provided funds for alterations and equipment for this temporary fitness area; RG is required to pay rent for the removable equipment and flooring in the amount of \$50,000 per year for 5 years, and to date has paid \$200,000.00. The Agreement from 2004 provides the option for RG to purchase all of the removable equipment and flooring; \$50,000 remains to be paid.
4. Kelowna City Council has approved criteria for an alternate use and service for the second floor mezzanine area;
  - a. Provide an identified community service or meet a community need,
  - b. Complement the programs and services of other amenities in MRP, including the aquatic centre,
  - c. Not compete with the new fitness services in the aquatic centre,
  - d. Conform to the zoning bylaw for district parks.
5. RG has proposed to the City to convert the general fitness centre operations known as Mission Fitness into a Participating Athlete Development Centre (PADC).
6. The Parties agree that a trial period is necessary in order for the delivery of the new services associated with the PADC to be developed in Kelowna.

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Therefore, the City and RG agree;

7. The purpose and benefits of the PADC are;
  - a. Local athletes will be given the opportunity fully explore the highest levels of athletic achievement and fitness conditioning without leaving Kelowna,
  - b. The PADC will compliment all participating athletes in all sports by providing local role models,
  - c. The PADC will develop Kelowna as a hub for elite athletes to train and live,
  - d. It is a new service to participating athletes in the Okanagan region,
  - e. The target athletes for this program are developing and elite athletes that represent Kelowna, the Okanagan and Canada in athletic competition,
  - f. There are different groups of athletes including amateur athletes such as midget hockey players or high school basketball, volleyball players, gymnasts, and track and field athletes,
  - g. Sports groups would be developing elite players such as WHL hockey players, and NCAA/ CIS athletes who reside in Kelowna during the off season,
  - h. Additional sports groups include professional and/or international elite international athletes such as NHL hockey, and National sports team members who would test and train in an 'off season',
  - i. The PADC will provide specifically designed physical testing and training program designed by experts, targeted at serious athletes,
  - j. The PADC will offer a variety of unique programs and services generally conforming to the purpose and benefits of the PADC as outlined in this MOU which include the following examples:
    - i. Pacific Sport and 'carded' athletes receiving discounts in the form of sponsorships, as has been the trend with both Mission Fitness and Pinnacle Physiotherapy extensively supporting such sports organizations,
    - ii. High School AAA Basketball Team members each undergoes a physical fitness assessment, a specific exercise regiment is designed for each athlete, the athletes proceed to train for a specified time period at another fitness centre, and then a follow up a physical assessment is again conducted at the PADC,
    - iii. Training programs for kinesiologists and sports physiotherapists to test and train athletes , accepting students from UBCO, UBC, and many other universities throughout Canada and the international community including the US, Norway and Australia.
    - iv. Post graduate courses for physiotherapists in Kelowna as well as throughout Canada in the sports medicine field.
8. The second story mezzanine areas of the CNC are an allowable use for the PADC, consistent with "public recreation and sport purposes" as defined in the Design Build and Operating Agreement between the City and RG; this MOU is not a lease.
9. RG are authorized to operate a PADC on a temporary basis not to exceed 2 years commencing April 1, 2009, subject to all conditions of this MOU.
10. During the 2 year term;
  - a. during the first year, the City shall have the right to terminate this MOU at their sole discretion upon providing 60 days written notice,
  - b. during the second year, the City shall have the further right to terminate this MOU at their sole discretion upon providing 30 days written notice,
  - c. the City is under no obligation to extend the Term of this MOU.

11. During the 2 year term,
  - a. during the first year, RG shall have the right to terminate this MOU at their sole discretion upon providing 60 days written notice,
  - b. during the second year, RG shall have the further right to terminate this MOU at their sole discretion upon providing 30 days written notice.
12. The parties will meet on a semi-annual basis commencing September 1, 2009 to review the PADC operations and shall include but not limited to participation, equipment, and access to running track.
13. RG will operate the PADC in a manner so as not to compete with the new general fitness services in the aquatic centre to be operated by the Y, scheduled to open to the public on April 1, 2009.
14. RG will pay the remainder funds of \$50,000 by April 1, 2009, thereby purchasing the removable fitness equipment and flooring as defined in the Addendum of November 2004, and become the legal owner of said equipment.
15. RG will continue to operate the current general fitness known as Mission Fitness offering full services consistent with current practices, up to and including March 31, 2009, or other date as agreed to by the parties, at which time RG will discontinue general fitness program services, and the sale of memberships.
16. RG will change the name from Mission Fitness to Mission Athlete Development Centre or Pinnacle Athlete Development Centre, effective April 1, 2009.
17. The running track in the CNC will be managed as separate entity by the PADC.
18. Participants will gain entry in the PADC program through single admissions, or direct purchase of specific physical testing and training services; memberships will not be offered.
19. RG will participate in a transition as agreed upon by the parties as general fitness services are offered at the new aquatic centre. Transition plan components include, but are not limited to staffing, public communications and clientele.
20. RG will provide access to the running track in CNC to the Y for public programming, based on a time schedule and fee schedule to be determined and agreed to by the parties.

IN WITNESS WHEREOF the parties hereto have executed this Memorandum of Understanding below.

**CITY OF KELOWNA**, by its authorized signatories:

\_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
Print Name and Title

**RG FACILITIES (MISSION) LTD.**  
by its authorized signatories:

\_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
Print Name and Title