

Report to Council



Date: June 11, 2018
File: 1140-41
To: City Manager
From: J. Säufferer, Manager, Real Estate Services
Subject: License Agreement – Freedom Mobile

Recommendation:

THAT Council approves the City entering into a five (5) year Building Licence Agreement, with Freedom Mobile Inc., for the installation of telecommunication facility at the City-owned site at 4075 Gordon Drive, with the option to renew for an additional three (3) five (5) year terms, as per the terms and conditions outlined in the form attached to the Report of the Manager, Real Estate Services, dated June 11, 2018;

AND THAT the Mayor and City Clerk be authorized to execute all documents necessary to complete this agreement;

AND THAT the 2018 Financial Plan be amended to accommodate the revenue to be received;

AND FURTHER THAT all proceeds generated by this agreement, estimated to total \$417,690.00 over the five (5) year term and the three (3) allowable extension periods, be credited to the Mission Recreation Park Loan Reserve until 2022 and then to the City's Parks Purchase & Development Reserve;

Purpose:

To endorse a building licence agreement with Freedom Mobile Inc. for the installation of a telecommunications facility at the City-owned site at 4075 Gordon Drive.

Background:

Freedom Mobile Inc. ("Freedom") has recognized a deficiency in their mobile phone network in the lower mission area, and has identified the city-owned site at 4075 Gordon Drive ("H2o") as a potential location for a telecommunications facility to address the lack of adequate wireless coverage. City Staff, in conjunction with the YMCA staff operating the city-owned H2O facility, have reviewed the request from Freedom, and have no concerns with the proposed installation, as it is not anticipated to have any negative building or operational impacts.

Term	5 years
Fee	\$18,000/year
Extensions	3 x 5 years (at city's discretion)
Use	Telecommunications facilities & equipment

In order to protect the visual integrity of the building and the associated branding as the *H2O Adventure and Fitness Centre*, the license agreement stipulates that no logo's, signage, text or advertising be incorporated in the installation. The extent to which any changes to the front of the building will be visible to the public is approximated in the photo-rendering shown below.



Financial/Budgetary Considerations:

The Building License Agreement ("BLA") provides for a lease payment of \$18,000 per year for the initial five (5) year term. Three (3) subsequent five (5) year extensions (each at the discretion of the city) would see an increase in the license fee between the greater of 10% or inflation. Total approximate revenues over the potential twenty (20) year term of the BLA are in excess of \$400,000, as shown below:

Term	Annual	Total
Years 1-5	\$18,000	\$90,000
Years 6-10	\$19,800	\$99,000
Years 11-15	\$21,780	\$108,900
Years 16-20	\$23,958	\$119,790
TOTAL		\$417,690

Revenues associated with the BLA will be credited to the City's Mission Recreation Park Loan Reserve until 2022 when the loan repayment will be complete. After such time, the revenues will be credited to the City's Parks Purchase & Development Reserve to support park development.

External Agency/Public Comments:

Details regarding the BLA have been reviewed with the Kelowna YMCA, the third-party operator of the City-owned H₂O facility, who have expressed no concerns with the arrangement.

Internal Circulation:

Active Living & Culture Divisional Director
Building Services Manager
Sponsorship & Advertising Manager
Accounting Operations Manager
Property Management Manager
Budget Supervisor

Considerations not applicable to this report:

Legal/Statutory Authority:
Legal/Statutory Procedural Requirements:
Existing Policy:
Personnel Implications:
Communications Comments:
Alternate Recommendation:

Submitted by: J. Säufferer, Manager, Real Estate Services

Approved for inclusion: D. Edstrom, Director, Strategic Investments

Attachments: 1. Building Licence Agreement
2. PowerPoint

cc: J. Gabriel, Divisional Director, Active Living & Culture
M. Johansen, Manager, Building Services
J. Taylor, Manager, Sponsorship & Advertising
G. Filafilo, Manager, Accounting Operations
M. Olson, Manager, Property Management