

# Report to Council



**Date:** December 10, 2018  
**File:** 0705-80  
**To:** City Manager  
**From:** Sandra Kochan, Partnership Manager  
**Subject:** Proposed Multi-Sport Fieldhouse – Rutland Recreation Park

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## **Recommendation:**

THAT Council receives, for information, the report from the Partnership Manager dated December 10, 2018, regarding a proposal from the Central Okanagan Rugby Enthusiasts to fund, construct and operate a multi-sport fieldhouse at Rutland Recreation Park;

AND THAT Council supports, in principle, a partnered approach between the City of Kelowna and the Central Okanagan Rugby Enthusiasts for the construction and operation of a multi-sport fieldhouse at Rutland Recreation Park as outlined in the report from the Partnership Manager dated December 10, 2018;

AND THAT Council directs staff to work with the Central Okanagan Rugby Enthusiasts to consult with Rutland Recreation Park stakeholders, user groups and neighbouring residents about the proposed multi-sport fieldhouse at Rutland Recreation Park;

AND FURTHER THAT Council directs staff to develop a Memorandum of Understanding with the Central Okanagan Rugby Enthusiasts for the multi-sport fieldhouse project at Rutland Recreation Park and report back with the Memorandum of Understanding for Council approval.

## **Purpose:**

To update Council regarding a proposal from the Central Okanagan Rugby Enthusiasts for a multi-sport fieldhouse at Rutland Recreation Park; to provide an overview of the process used to evaluate the proposal; to seek Council support to move the proposal to the MOU stage.

## **Background:**

### ***About Rutland Recreation Park:***

Like other recreation parks in Kelowna, Rutland Recreation Park (RRP) is a destination hub with multiple facilities and features, designed to support high levels of activity, and large numbers of participants and spectators from the Rutland area, across the City and beyond. RRP includes:

- *Operated by the City:* Rutland Twin Arenas, Dog Park, Rutland Activity Centre, four pickleball courts, four natural turf playing fields, two ball diamonds, existing fieldhouse building. The existing fieldhouse contains four team change rooms, a concession, public washrooms, and storage. The age of the structure is unknown and its usage is declining because of its poor condition. Although the building is at the end of its service life, replacement is not included in the current 10-year capital plan.
- *Operated by non-profit organizations:* Okanagan Gymnastics Centre, Little Travelers Safety Village, Community Garden, BMX Track, Kelowna Family YMCA, Rutland Boys & Girls Club.
- *Adjacent:* Rutland Senior Secondary, Middle and Elementary Schools, Kelowna United soccer dome

RRP is heavily used and many of the facilities and fields operate at or near capacity.

***Overview of the proposal and the project:***

Central Okanagan Rugby Enthusiasts (CORE) approached the City in 2016 with a proposal to fund and build a fieldhouse at Glenmore Recreation Park (GRP). After discussion and review by an inter-departmental advisory team, the concept was supported and discussion continued with CORE on this opportunity. However, changes to the Capital Plan had an impact on the timeline for development of GRP.

In April 2018, CORE approached the City expressing interest in developing a smaller fieldhouse in Rutland Recreation Park (RRP), as an alternative to the original GRP location. The new fieldhouse would replace the existing fieldhouse building at RRP. Staff reviewed the opportunity and considered it to have sufficient merit to warrant a more formal proposal process.

On July 25, 2018, the City provided CORE with a request for a business case/proposal. The proposal was received by the City on October 29, 2018.

A high level summary of the proposed project:

- CORE to raise funds and construct a multi-sport fieldhouse which will replace an existing change room structure, in the same location, at RRP.
- The proposed building is approximately 9,900 square feet on two levels, with a footprint similar to the existing building footprint. Building features are:
  - Ground floor: four large change rooms, referees and medical rooms, five storage garages, four public washrooms, elevator
  - Second floor: gathering space and viewing deck, kitchen, meeting room, washroom, office, storage
- The projected budget, including the building, furnishings, field lighting, start up and fundraising costs is \$4,626,500. CORE will be responsible to generate these funds through fundraising, grants and other sources. Subject to Council approval, building naming rights may be offered. Construction will not commence until the City is satisfied that sufficient funds are in place. CORE will be responsible for design and construction, with appropriate oversight from City staff.
- The timeline for fundraising is through 2019 and 2020, with construction commencing in 2020 and completion in 2021.
- CORE will operate the facility through a long-term (i.e. 20 years with option to renew, to be negotiated) non-market lease and operating agreement. The facility operations will be self-sustaining. The projected annual operating budget in the first full year of operation is

approximately \$230,000. CORE will be required to contribute annually to capital and maintenance reserves for the building. Primary revenue sources are user fees, rentals and food and beverage (appropriate liquor licensing subject to Council and provincial approval).

- The City may (subject to negotiations and budget approvals) contribute to the capital costs and ongoing repairs and maintenance for public washrooms and other amenities. The City will negotiate an appropriate level of access to the building for its own programming, and will continue to control field scheduling at RRP, with a view to accommodating the needs of fieldhouse users to the extent possible.
- In conjunction with negotiated access to playing fields at RRP, the facility will function as a multi-sport hub for adult and youth sport programs, education, events and tournaments. As indicated by letters of support in the proposal, sports to be served by the facility include adult soccer, ultimate, adult and youth rugby, and touch football. PacificSport has indicated its interest in providing child and youth physical literacy assessments and referrals using the proposed facility as a program hub.

***About the Central Okanagan Rugby Enthusiasts:***

CORE was established as a BC registered Society in 2010, focused on growing and developing the sport of rugby in the Central Okanagan. Since that time, through CORE's efforts, the number of active rugby players in the Central Okanagan has more than doubled to about 1,300 individuals, including adult men and women, university students, elementary students in 16 schools and youth in a number of community-based leagues. CORE has organized and hosted Championship tournaments at the provincial, regional and national level.

The organization is governed by an eight-member Board of Directors.

The fieldhouse project is led by a Steering Committee, with 13 community members contributing their construction, fundraising, sport, real estate development, financial and business expertise.

***General background about options for facility provision and operation:***

There are different avenues, and the City has multiple roles, for provision of sport and recreation facilities for the community:

- The City can build, operate and maintain facilities (Rutland arenas, Apple Bowl, Parkinson Recreation Centre, sport fields and courts);
- The City can provide land for other enterprises or organizations to build and operate facilities (Capital News Centre, Prospera Place, Valley First Soccer Centre *aka* Mission Soccer Dome)
- The City can provide land and loans to non-profit organizations which build and operate facilities (Kelowna Curling Club, Okanagan Gymnastics Centre)
- The City can provide land and capital budget to build facilities which are operated by a third party (H2o).

On occasion, the needs and aspirations of more specific sport interests which attract considerable participation and are aligned with civic sport and recreation development priorities may warrant the provision of land by the City through a partnered approach. Each situation is unique and is analyzed for its potential to deliver one or more of the following beneficial partnership outcomes:<sup>1</sup>

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<sup>1</sup> Excerpted from 'City of Kelowna: Infrastructure Planning to Meet Future Recreation Needs,' The JF Group, 2013/2015.

- Create or maintain public infrastructure at less cost than a traditional municipal capital project;
- Create public buy-in to the project by engaging the community;
- Improve service levels through strategic investment in the development of municipal assets;
- Gain access to techniques and resources that are beyond municipal capabilities by collaborating with others to seek innovative solutions;
- Provide greater access to new sources of capital; and
- Leverage experience that is outside the normal municipal approach.

***Benefits and risks of the proposed project with CORE:***

A partnership between the City and CORE for this project delivers the following benefits:

- a) Advancing the timeline for replacement of a City-owned seasonal change room building which is at the end of its service life;
- b) Leveraging private investment from the sport community for facility construction and operations, reducing the demand on taxation;
- c) Providing necessary amenities (i.e. change rooms, washrooms, storage) for multi-sport and tournament use at a major recreation hub, which will in turn, stimulate sport activity and development and sport tourism;
- d) Provide a central hub for field sport, which is in a growth phase (men’s and women’s adult leagues, child and youth leagues, tournaments, coaching and athlete development); and
- e) Contribute to the inventory of public gathering spaces available for City programs and general community use.

In addition to input from the internal advisory team, a staff-prepared business case and risk register regarding this project was submitted to the Strategic Investments Business Investment Evaluation Analysis (BIEA) team for review. This group has a council-approved mandate to seek out innovative opportunities to achieve community goals, and has established criteria and a process to evaluate potential partnerships.

BIEA feedback is positive. The project alignment, proposal, goals, benefits, scope and deliverables are supported.

Risks which will require mitigation through project management and negotiation of a Memorandum of Understanding (MOU) include:

*Construction costs* – cost escalation and meeting municipal standards may drive up construction and other site-related costs, putting more demand on fundraising to generate the capital budget required.

*Fundraising* – if fundraising does not meet projected levels, options should be identified to mitigate financial and reputational risks.

*Grants and sponsorships* – more planning is required, including a Sponsorship Strategy.

*Parking* – the fieldhouse will intensify parking demand at RRP. A parking study is needed.

*Operations* – the revenue projections associated with player fees should be supported by an agreement between CORE and its supporting sport organizations so that changes and issues can be addressed.

*Field scheduling/allocation and maintenance* – negotiations will be required to achieve the appropriate balance between field usage associated with the fieldhouse, and the many groups already regularly scheduled at RRP.

**Internal Circulation:**

Active Living & Culture – Division Director and Sport & Event Services Manager  
Parks & Building Planning Manager  
Finance – Payroll & Internal Controls Manager  
Communications Advisor  
Sponsorship & Advertising Manager  
Infrastructure Delivery Senior Project Manager  
Property Management Manager  
Director, Business & Entrepreneurial Development  
Parks, Beaches & Sportfields Supervisor

**Legal/Statutory Procedural Requirements:**

Following approval of an MOU, there are a number of requirements to be met, including necessary permits, licenses, public notices and a Lease & Operating agreement. More detail will be provided at the time the MOU is presented to Council for approval.

**Existing Policy:**

The proposal is aligned with:

*Imagine Kelowna:*

*Principle 1 Collaborative:* pursuing more partnerships, as long as they are well-designed to protect taxpayers and ensure that each partner's role is well defined

*Principle 3 Connected:* create great public spaces that bring people together – providing great spaces that are accessible to everyone is a shared responsibility and there are opportunities for community-minded individuals and organizations to undertake their own placemaking initiatives or other projects.

*Council priorities and commitments (2014-2018):*

- Ensuring a healthy, safe, active and inclusive community
- Open for opportunity: Council wants to lead a community known for being open for opportunity. Opportunities may arise in the form of innovation and partnerships to deliver and expand services and amenities.

*Sport Plan (2018) Strategic Goals:*

- Increase participation in sport and physical activity for all ages
- Create quality, inclusive programs, services and events that are available at all stages of the CS4L (Canadian Sport for Life) continuum
- Strengthen interaction and collaboration between allied partners and sport delivery agencies
- Provide exceptional facilities for sport participation and performance initiatives
- Be recognized as a premier sport event destination in Western Canada

**Financial/Budgetary Considerations:**

The City has little or no financial exposure until the fundraising results are known in late 2019/early 2020. At that time, should CORE not have reached their financial targets, the MOU will set out a number of options for a course of action.

**Personnel Implications:**

Through the proposal review process, staff from multiple departments have been, and will continue to be, engaged in providing oversight, advice and direction for this project. Involvement is reflected in the Internal Circulation section.

**External Agency/Public Comments:**

CORE's proposal included letters of support from the major facility operators in RRP, and from sport organizations which may use the fieldhouse, or contribute to the fieldhouse project. Regional MP and MLA representatives also indicated their support.

**Communications Comments:**

Community notification and consultation will take place prior to finalization of the MOU, and more detail will be provided when the MOU is presented to Council for approval.

**Considerations not applicable to this report:**

Legal/Statutory Authority  
Alternate Recommendation

Submitted by:

S. Kochan, Partnership Manager

**Approved for inclusion:** Jim Gabriel, Division Director, Active Living & Culture

**cc:**

Jim Gabriel, Division Director, Active Living & Culture  
Doug Nicholas, Sport & Event Services Manager  
Robert Parlane, Parks & Building Planning Manager  
Carson Chan, Payroll & Internal Controls Manager  
Amanda Lamberti, Communications Advisor  
Janine Taylor, Sponsorship & Advertising Manager  
Andrew Gibbs, Infrastructure Delivery Senior Project Manager  
Mike Olson, Property Management Manager  
Robert Fine, Director, Business & Entrepreneurial Development  
Ted Sophonow, Parks, Beaches & Sportfields Supervisor