

Report to Council



Date: February 8, 2021
To: Council
From: City Manager
Subject: Extension and Modification Agreement for the H2O Adventure & Fitness Centre
Department: Real Estate

Recommendation:

THAT Council approves the City entering into a two (2) year extension and Modification Agreement, with YMCA of Okanagan Association, for Management and Operating Agreement in the form attached to the Report of the Real Estate department, dated February 8, 2021;

AND THAT the Mayor and City Clerk be authorized to execute all documents necessary to complete the transaction.

Purpose:

To seek Council approval in entering into a two (2) year extension and Modification Agreement to the Management and Operating Agreement with the YMCA of Okanagan for the H2O Adventure & Fitness Centre.

Background:

The H2O Adventure & Fitness Centre ("H2O") facility opened in April of 2009 and has been operated successfully by the YMCA of Okanagan ("Y") since the commencement of the original Management and Operating Agreement ("MOA"). An updated MOA was negotiated and approved by Council, which commenced on January 1, 2012 and ended on December 31, 2016. The agreement contained a five (5) year extension provision which was exercised in December 2016, bringing the current agreement period to end December 31, 2021.

The current MOA contains a high standard of operation for the H2O facility and defines the ongoing cooperation and collaboration between the parties throughout the course of the agreement. Goals and objectives for both parties are well defined and demonstrate a positive, common theme of providing high caliber public service in aquatics, fitness, and wellness alike.

The COVID-19 pandemic has disrupted many aspects of community life including the complete closure, and then gradual reopening under various restrictions for recreation facilities. Operation of the H2O facility has been significantly impacted over the past year and collaboration between the Y, and City

staff has been focused on managing the impact of facility closures and implementing reopening processes in alignment with evolving Public Health Orders.

Prior to conclusion of the MOA term, staff intend to undertake an in-depth review of the City's management approach to the H₂O facility and report back to Council on options available for future considerations. Due to COVID-19, this review has been paused to focus on safe reopening plans and allow time for facility operations to stabilize. With that in mind, it is staff's intent to extend the MOA to support this time and process, which is the subject of this report.

Discussion:

The attached modification seeks to amend the agreement in the following manner:

- To extend the agreement for an additional two (2) years (until the end of 2023), to make up for time lost due to the disruption caused by COVID and provide staff time for a detailed review;
- To provide additional clarity on the collaborative role between the partners should the operations face a deficit situation, including specific language that allows the City to retain the option to limit an operating budget deficit that does not align with the financial objectives of the City; and
- To provide clarity on GST remittance and reporting requirements and improved language that further defines the contractual relationship between the City and the Y.

Existing Policy:

Council's 2019-2022 priorities identified measures supporting staff's recommendations. Specifically, relevant to this report:

- Cost to deliver services is quantified; and
- Common understanding of future direction.

Conclusion:

The extension and additional modifications provide further clarity on operational responsibilities and the collaborative relationship with the Y and the operation of H₂O during the recovery period from the COVID-19 pandemic.

Prior to the conclusion of this agreement and as the facility operations reset, staff will resume the operational review for the H₂O facility, and report back to Council on considerations for its future management approach. This work is expected to commence later this year and into 2022.

Internal Circulation:

Active Living & Culture
Financial Services
Communications

Considerations not applicable to this report:

Legal/Statutory Authority:
Legal/Statutory Procedural Requirements:
Financial/Budgetary Considerations:
External Agency/Public Comments:
Communications Comments:

Submitted by: J. Adamson, Manager, Property Management

Approved for inclusion: J. Säufferer, Real Estate Department Manager

Attachments: 1. Schedule A – Extension and Modification Agreement
2. Schedule B – PowerPoint Presentation