

Report to Council



Date: June 13, 2022
To: Council
From: City Manager
Subject: Non-Market Lease Agreement – Central Okanagan Small Boat Association
Department: Real Estate

Recommendation:

That Council approve the City entering into a five (5) year non-market lease agreement with the Central Okanagan Small Boat Association as per the general terms and conditions of the agreement attached as Schedule A to the report of the Real Estate department dated May 30, 2022;

AND THAT the Property Manager, or a designate thereof, be authorized to execute all necessary documents pertaining to the non-market lease agreement with the Central Okanagan Small Boat Association.

Purpose:

To seek Council approval for a five (5) year non-market lease agreement with the Central Okanagan Small Boat Association for a portion of the city-owned property at 4220 Hobson Road.

Background:

The Central Okanagan Small Boat Association ("COSBA") is a non-profit sailing club operating out of the City's waterfront property at 4220 Hobson Avenue. Home to one of Canada's largest sailing schools, COSBA boasts one of the largest community sailing lesson programs in North America, with over 4,000 students participating in activities at the site every year. Additional services offered by COSBA include safe boating courses, race development, instructor development, regatta hosting, and other sailing-related events.

Discussion:

COSBA's existing lease agreement with the City has been in overholding since its expiration in February of 2020. Since that time, Staff have been working together with COSBA representatives to ensure the new non-market lease agreement reflects both the City's, and the non-profit organizations, best interests.

Key terms of the agreement with COSBA are summarized below.

Central Okanagan Small Boat Association Summary of Proposed Non-Market Lease Agreement	
Civic Address of Premises	Portion of 4220 Hobson Road
Commencement Date	May 1, 2022
Term	Five (5) years
Option to Renew	None
Rent	Nominal (\$1)
Permitted Use	Providing quality, inclusive programs, services and events through a wide range of sailing and other water-based activities.
Termination	Possible without cause provided 6 months' notice.

In addition to the terms above, the new agreement reflects a number of additional changes intended to ensure the City maintains best-practice standards in its contractual relationships, as managed by the City's Partnership Office. This includes:

- Periodic financial reporting requirements;
- Periodic organizational reporting requirements (statistical summary of building usage, membership numbers, etc.);
- Annual summary of maintenance and repair items; and,
- Annual summary of proposed (and completed) capital projects.

Financial/Budgetary Considerations:

Except for building insurance, all operating costs associated with the property, including property taxes (if applicable) and maintenance and repair expenses, are the responsibility of COSBA. COSBA is also required to appropriately account for and fund any capital costs associated with the building.

Existing Policy:

The proposed agreement corresponds with a number of priorities identified by Council, specifically:

- Accessible and multi-purpose amenities;
- Animated parks and public spaces.

The operational and structural constitution of COSBA aligns with *Council Policy 347 – Non-Market Leasing of Civic Lands and Buildings*. For this reason, staff are recommending a non-market lease agreement.

Conclusion:

Working together in collaboration with the City of Kelowna, COSBA successfully leverages the City-owned property at 4220 Hobson Road to promote sailing and windsurfing programs for community participants of all ages and abilities. The proposed non-market lease agreement will formalize roles and expectations between the City and COSBA regarding the use of this valuable waterfront asset over the next five years.

Internal Circulation:

D. Gatzke, Parks & Beaches Supervisor
D. Nicholas, Sport & Event Services Manager
K. Hughes, Financial Planning Manager
R. Parlane, Parks & Buildings Planning Manager
S. Kochan, Partnership Manager
S. Perry, Building Services Manager

Considerations not applicable to this report:

Legal/Statutory Authority:

Legal/Statutory Procedural Requirements:

External Agency/Public Comments:

Communications Comments:

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

Attachments:

1. Schedule A – Lease Agreement
2. Schedule B – PowerPoint Presentation