

Report to Council



Date: 1/24/2017
File: 1140-40
To: City Manager
From: Mike Olson, Manager, Property Management
Subject: Non-Market Land Lease to Tourism Kelowna Society – 238 Queensway Avenue

Recommendation:

THAT Council approves, subject to rezoning Bylaw 11336 receiving third reading, the City entering into a twenty-nine (29) year land lease with the Tourism Kelowna Society regarding the use of a +/-303 square meter portion of the Queensway Jetty at 238 Queensway Avenue, in the form attached as Schedule 'A' to the report of the Manager, Property Management, dated January 24, 2017;

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

Purpose:

To facilitate the construction of a new Tourism Centre at 238 Queensway Avenue by entering into a twenty-nine (29) year non-market land lease with the Tourism Kelowna Society for a +/-303 square meter portion of the property.

Background:

The Tourism Kelowna Society ("Tourism Kelowna") has been working for several years to relocate the Tourism Kelowna Visitor Centre to a location that focuses on a new demographic of traveler. The ideal location sought by Tourism Kelowna is a high pedestrian traffic location situated in the downtown and in close proximity to the downtown waterfront promenade; 238 Queensway Avenue meets these requirements.

The City is the legally registered owner of the property located at 238 Queensway Avenue (the "Queensway Jetty Lands"), which was acquired by the City from the Provincial Government for the sum of \$192,000.00 in April of 2003. The Queensway Jetty Lands are currently being utilized as a parking lot and are located at the end of Queensway Avenue along the Okanagan Lake waterfront.

As part of the Kerry Park redevelopment plans it has always been envisioned that an amenity building for the purpose of animating the park would be included at this location. Through

discussions with Tourism Kelowna, staff feel that the proposed use of the lands is appropriate given the amenities to be provided, namely:

- an information centre for the benefit citizens and visitors alike;
- animation of the park and boardwalk along the Jetty;
- new venue for small events that promote the region; and,
- the provision of public washrooms.

Key Lease Terms/Conditions

A high level summary of the key terms and conditions of the proposed lease is provided below.

Lease Component		Lease Reference
Land Lease Area	+/-330 m ²	s. 1.1(m)
Land Tenure	Partial lease of lot (building footprint area)	s. 1.1(k)
Term	29 years	s.1.1(y)
Renewal	None	N/A
Consideration		
Rent	Nominal	s. 3.1
Lease Termination	Land & building transfer to City upon expiry or default	s. 8.5 & 23
Building/Structure Design	Max. height of 7.5 m	s. 1.1(g)
Lease Costs	All costs borne by Tourism Kelowna	s. 3.3 & 4.1

Notes:

* At the end of the term, control and use of the building reverts back to the City at no cost.

* The term is proposed to be 29 years in order to allow for an appropriate amortization period for the requisite financing.

* The parties have agreed that all costs associated with the lease, including property taxes and utilities will be borne solely by Tourism Kelowna.

* Given the prominent location, the lease ensures that a high quality building be constructed and maintained throughout the term.

* The building's footprint is to be situated entirely outside the boundary of the Sawmill Community Trust.

Lease Component	Lease Reference
Use Restrictions	Tourism related uses; s. 6.1 & 6.2

Notes:

* The proposed lease limits the use of the building to the sole purpose of operating a tourism facility and includes requirements for public access to the washrooms.

* Subletting and/or lease assignment is prohibited without consent; this will ensure that the building is only operated as a Tourism Centre throughout the entirety of the term of the lease.

Costs Associated with Creating the Development Site:

Under the proposed lease, the City has committed to providing the development site with water and sanitary servicing, while all other costs including private utilities (electrical and all other shallow utilities) are to be borne by Tourism Kelowna.

Costs associated with lot creation and municipal utility installation are anticipated to be approximately \$11,000.

Other

Existing Policy:

The non- market status of the proposed lease meets Council Policy 347 – Non-Market Leasing of Civic Land and/or Buildings as the Tourism Kelowna Society is a registered non-profit society in good standing and offers programs and/or services that provide tangible benefits for the citizens of Kelowna.

Legal/Statutory Procedural Requirements:

Disposition must be published in a weekly newspaper for two (2) consecutive weeks and posted on the public notice posting place.

Internal Circulation:

Manager, Parks & Building Planning
Director, Financial Services

Considerations not applicable to this report:

Legal/Statutory Authority:

Personnel Implications:

External Agency/Public Comments:

Communications Comments:

Alternate Recommendation:

Submitted by: M. Olson, Manager, Property Management

Approved for inclusion: D. Edstrom, Director, Real Estate

Attachments:

1. Schedule A – Lease Agreement
2. Schedule B – Subject Property
3. Schedule C - PowerPoint

cc: G. Davidson, Director, Financial Services
R. Parlane, Manager, Parks & Building Planning