



## COUNCIL REPORT

To: Mayor and Council

Date: March 24, 2026

From: Ron Bowles, Chief Administrative Officer

Subject: **Private-Public Partnership for a Sports Complex**

Prepared by: Patrick Pulak, General Manager of Operations

Reviewed by: Ron Bowles, Chief Administrative Officer

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### RECOMMENDATION:

**THAT** the City of West Kelowna perform an initial due diligence analysis of the proponent's proposed private-public partnership for a sports complex on the City owned property located at 2135 McDougall Road, 2139 McDougall Road and adjacent West Lake Road property (Parcel A, Plan EPP85874, District Lot, 503 & 1119);

**AND THAT** Forty-Five Thousand Dollars (\$45,000) be funded from the Future Expenditures Reserve, and that the 2026-2030 financial plan be amended accordingly;

**AND FURTHER THAT** upon completion of the due diligence analysis, Council be provided a report recommending on whether or not to proceed to a memorandum of understanding (MOU) phase of the initiative.

### PURPOSE

To provide Council with a high-level understanding of the considerations and the steps required to move towards the implementation of a private-public partnership with the proponent.

### BACKGROUND

In the January 27, 2026 Council meeting, an investment group proposed to build a privately funded community sports complex on both City owned land and on private land. That Council presentation is attached in Appendix A.

The proposal is to construct a multi-sport indoor facility on the City's eight-acre parcel which will include spaces for pickleball, hockey, soccer, volleyball, basketball and fitness as well as ancillary items such as parking. The surrounding private land will host a community centre with daycare, café / restaurant, sports retail, accommodations and medical / health services.

Future phases of the development may also include housing, which may or may not be part of the project at this time. The proposed model is centred around sports tourism and year around programming. The spaces will be accessible for community clubs, a private athletic school and the general public.

Recognizing this proposal in the preliminary stage, it is important to note that the proponent's intent is to both fund and construct the sports facilities that are on City lands. All infrastructure on the private lands will be funded, constructed and owned by the proponent and will not necessarily be part of the PPP negotiations.

It is the intent of the proponent that they will not only manage the newly constructed sports facilities, but the existing athletic field and sports dome as well. The terms of such an arrangement will be detailed in an Operating Agreement between the proponent and the City of West Kelowna. Upon the expiration of the Agreement, the sports facilities, both new and existing, will revert to the City. Note that the proponent is flexible in both the operational and ownership specifics.

The Parks Department was about to engage in a site-specific master planning exercise for the City's vacant eight-acre parcel when the proposal came forward. As such, this exercise has been put on hold.

The presentation by the proponent at the January 27<sup>th</sup> Council Meeting recommended:

*THAT Council direct staff to proceed with the development and negotiation of a Public-Private Partnership (P3) agreement, to be brought forward for subsequent Council consideration and approval.*

In response, Council resolved:

*THAT staff bring forward a report regarding potential next steps regarding the proposed West Kelowna Sports Anchored Mixed Use Development that was presented at the January 27, 2026, regular Council meeting.*

## **ANALYSIS**

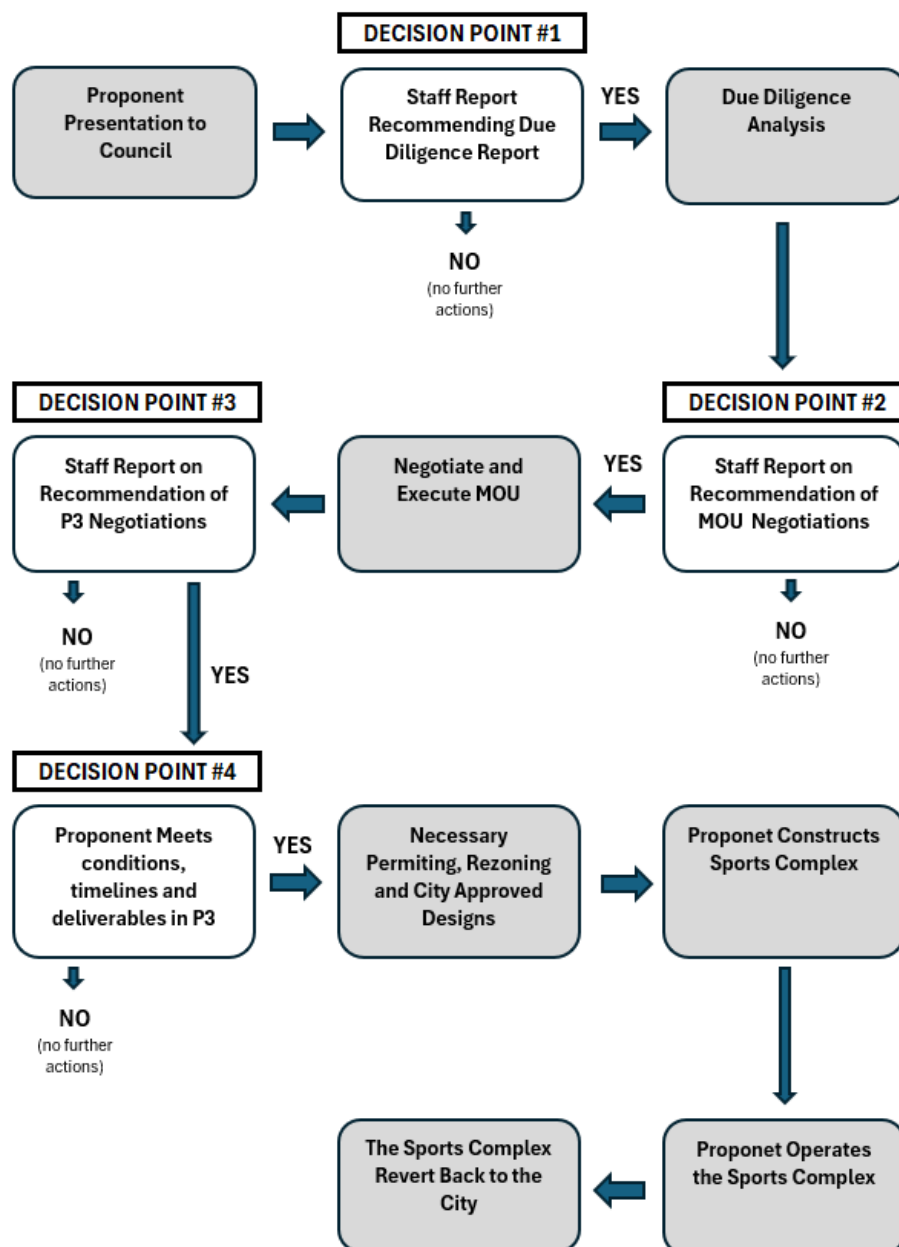
Private public partnerships (3P) have become increasingly popular, and advantageous, as a cooperation between private and public institutions. Governments can gain access to private financing, management expertise and cost-savings mechanisms, while private partners benefit from risk sharing. There are drawbacks too, as partners have different interests. Basically, there is a sharing of resources, risks, responsibilities, and rewards (herein Risk/Rewards).

Sharing Risk/Rewards can be a major benefit and an obstacle to a successful project. To this end, before entering a P3, the City and proponent must understand all Risk/Rewards at a detailed level. Adequate time spent on the front-end will enable Council and the community to not only understand the partnership but also agree on accepted risks.

Without this necessary step, the City may enter a deal that could harm the City in the long run.

City staff propose the following steps, leading toward a P3 agreement. It is important to note that although the timeframe has not yet been identified, City staff are confident in stating the proponent's proposed timeline of having a P3 agreement by this summer, as unachievable. Further, research and negotiations will require specialized knowledge of which City staff do not have because of the uniqueness of the circumstances. Consequently, the City will require the services of both consultants and lawyers who are familiar with the financial and operational aspects of a P3. As it stands currently, the costs for these services are unbudgeted.

The proposed process is as follows:



To understand the process of developing a P3 agreement, the fundamental tenet of all steps leading towards a successful P3 is advised to consider:

1. Contracts and binding written agreements are the most essential factor in a 3P, and creating them represents the greatest challenge due to the complex nature of the sports complex and land ownership;
2. Resources are also critical considering the costly build-out of the facility. Proper cost estimates are essential;
3. Objectives, referring to values, strategies, visions, goals and plans of the P3 need to be understood, as a misalignment is detrimental to long run success;
4. Structure outlining who will do what, in both the short and long term, aligning both partners in acknowledging the Risk/Rewards;
5. Commitment considers the above noted objectives in Section 4. and each partner's ability, desire and effort to follow-through on the project;
6. Political and other environmental risks to the project's success. Canada is presently embroiled in a major geo-political situation. Add to this, there is a municipal election every four years. Locally, we must also consider impacts such as the loss of dog walking spaces and increased local traffic;
7. Communication is transmitting the right information to the right person at the right time. The partners must agree on how public, regulatory and partnership communication will happen in an effective way; and
8. Trust between partners is imperative and this means more than having a robust contract or agreement noted in Section 1. Basically, the partners must respect the behavior of each other.

If Council approves the recommendation in this report, the next part will be a due diligence analysis. To understand this step, the City will seek to generally understand answers to questions such as the following:

- What is the proposed governance structure, operating model and ownership proposal?
- What is the P3 operating timeline, maintenance and sunset obligations?
- What is the business case including capital estimates and financial proforma?
- What is the proponent's experience, including operating, financing and developing?
- What are the regulatory assumptions, including rezoning and OCP alignment?
- What is the Risk/Reward regarding the private land component of the project?
- What is the proposed fee structure assumptions, and how will that impact west Kelowna clubs and public facilities?
- How do we ensure a balanced approach to booking of the facilities so that there is sufficient public access?
- What are the City's financial or land contributions?
- What are the labour impacts?
- What are the impacts to existing site users and neighboring properties, including the Mar Jok school?
- What are the traffic and parking impacts to the surrounding residential area?
- What are the known risk assumptions and mitigation measures?

- What is the City’s ability to take on this project, what initiatives will be impacted and what costs will be incurred to develop and manage the P3 agreement?

**COUNCIL REPORT / RESOLUTION HISTORY**

Date	Report Topic / Resolution	Resolution No.
January 27, 2026	THAT staff bring forward a report regarding potential next steps regarding the proposed West Kelowna Sports Anchored Mixed Use Development that was presented at the January 27, 2026 regular Council meeting.	C036/26

**Alternate Recommendation:**

1. **THAT** Council direct staff to proceed with conducting a due diligence analysis of the proposal.
2. **THAT** Council do not proceed further with consideration of the proposed Private-Public partnership for a sportscomplex at this time.

PowerPoint: Yes  No

**Attachments:**

SMD Development Presentation – January 27, 2026