
CITY OF KELOWNA

MEMORANDUM

Date: March 1, 2001
File No.: 0760-20
To: City Manager
From: Director of Parks and Leisure Services
Subject: Rotary Centre for the Arts

RECOMMENDATION:

THAT City Council authorize commencement of all phases of construction of the Rotary Centre for the Arts;

AND THAT City Council instruct staff to notify the public in accordance with Section 185 of the Local Government Act that the City intends to guarantee a loan taken out by the Kelowna Visual & Performing Arts Centre Society.

BACKGROUND:

In November of 2000 City Council passed the following resolution:

"R938/00/11/27 THAT City Council authorize the completion of detailed working drawings and the commencement of construction of the Rotary Arts Centre on Cawston Avenue;

AND THAT Council's authorization is subject to confirmation from the Millennium Bureau of the Government of Canada that the Millennium Grant is available based on the current capital budget and time-line for completion of the project;

AND THAT bridge financing be in place prior to the award of any major construction contracts;

AND THAT all required rezoning, development permits, and building permits be obtained;

AND FURTHER THAT the Kelowna Visual and Performing Arts Centre Society be asked to participate with the City in the development of an appropriate governance and operating model for the Centre prior to hiring a general manager."

Since November, there has been significant progress toward fulfilling the above requirements. Working drawings are being prepared and RG Properties/ICR Projects have been appointed as construction managers. The process of asbestos abatement in the building has been completed and interior demolition work is commencing. Interior renovations and new construction is set to begin immediately following the demolition works.

The Millenium Bureau has extended the time frame for the portion of the project funded by the Government of Canada to September 30, 2001. An updated project budget has been provided to the Millenium Bureau. Generally speaking, the Millenium Project relates specifically to renovated areas of the existing building, not new construction. This timeline is acceptable to the City and its construction managers, however construction needs to commence very soon to enable us to meet the September 30 Millenium Project completion date. Total completion of the construction is still scheduled for the spring of 2002. The required rezoning is in place. The development permit and building permit will be finalized before the commencement of construction.

The only unfulfilled requirement of Council to enable all phases of construction to begin is the bridge financing. The Kelowna Visual and Performing Arts Centre Society has obtained a lending commitment from the HSBC Bank Canada on very favourable terms. The lending commitment is to provide bridge financing at an interest rate of prime less .5% and all fees for placing the loan are being waived. Because the City owns the building, the bank requires some form of guarantee or covenant from the City. We are in the process of determining what form this would take and will bring it back for City Council consideration as soon as possible.

The Local Government Act requires the City to notify the public of its intent to guarantee the loans of a third party partner.

We are therefore, recommending that Council authorize the City to proceed with full construction immediately.

David L Graham
Director of Parks and Leisure Services

DG/jws