
CITY OF KELOWNA

MEMORANDUM

Date: November 29, 2001
File No.: 0760-20
To: City Manager
From: Acting Director of Parks and Leisure Services
Subject: Okanagan Kokanees Gymnastics Facility

RECOMMENDATION:

THAT City Council approve an increase to the overall Kokanees' Project Budget of up to a maximum of \$90,000;

AND THAT the funding be consistent with the existing 50/50 partnership formula:

- A \$45,000 increase in the existing \$500,000 loan to the Okanagan Kokanees Gymnastics Club under the same terms and conditions and recorded as a Community Contribution, internally financed over the term from the Major Facilities Reserve.
- A \$45,000 additional contribution from the Major Facilities Reserve;

AND FURTHER THAT the 2001 Financial Plan be amended to reflect this increased expenditure and funding sources.

BACKGROUND:

City Council on October 24, 2000 adopted a resolution to proceed with the design and construction of a major recreation facility for gymnastics at the Rutland Sportsfield site in 2001 in partnership with the Okanagan Kokanees Gymnastics Club (OKGC). The budget for the project was set at \$1,000,000 with \$500,000 to be funded from long-term borrowing. The interest and principle of the long-term borrowing is to be repaid over 20 years by the OKGC. On December 18th, 2000 City Council approved a 20-year lease agreement with the OKGC establishing terms relating to the construction, financing and operation of the proposed facility.

An Expression of Interest for Design/Build of the proposed facility closed on March 2, 2001 resulting in five submissions. A shortlist of four respondents were invited by the Building Committee to respond to the Request for Proposal, which closed on April 1, 2001.

The following three proposals were received:

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|---------------------------------|-------------|
| • Maple Reinders | \$ 946,950 |
| • C & T Construction Management | \$1,170,000 |
| • RG Properties | \$1,205,890 |

All bids were above the established construction budget target. The Building Committee explored various cost reduction opportunities with the least cost proponent. To achieve the required savings the concession, kitchen and activity room areas would be unfinished, with only walls being constructed and utilities roughed in.

Council on July 16th, 2001 awarded the design/build contract to Maple Reinders for a sum not to exceed \$868,900 plus GST for the revised project. Discussion occurred regarding how the projections of the Business Plan could be achieved if portions of the Facility were not completed until some later time. The OKGC committed to continue fundraising during construction to achieve the additional funds necessary to complete the facility all at one time.

The project is now substantially complete with the exception of the unfinished areas. Fundraising efforts to date have achieved a total of approximately \$132,000 in cash, materials and labour.

During construction it became apparent that certain additional work was required for the facility to achieve it's ultimate potential. Included were installation of insulation and drywall, concession and kitchen construction and two offices and workstations. This work was accomplished by utilizing donations and reducing the original \$90,000 equipment budget to \$30,000. The overall value and utility of the Facility has been considerably increased by these improvements.

To complete the main and second floor unfinished areas to a fully functional state and to purchase the necessary equipment, an additional \$90,000 is required. This would allow for increased enrollment, hosting of meets, additional rentals and full concession operation thereby, ensuring the 2002 Business Plan revenue objectives are met.

The Business Plan as originally submitted by the OKGC can support the increased payments to repay the additional \$45,000 requested. Monthly payments over the 20-year borrowing term will be \$3,974.61 commencing on December 1st, 2001.

The OKGC expect also to receive Direct Access funding of \$25,000 in 2002 and will commit this funding to offsetting that portion of the requested additional funding from the Major Facilities Reserve.

The fully completed facility will allow hosting of Provincial, National and International meets and is considered to be one of the finest of it's kind in western Canada.

From conception through design and current construction, the OKGC has worked long and hard in partnership with the City to make this facility a reality. They remain dedicated to ongoing fundraising to assist with fully completing the project and creating a facility that the whole community can be justly proud of.

Jennifer Charles, President of the OKGC in November 2001, received the Kaizen Leadership Award for Innovative Partnerships for Sports Facilities in British Columbia for this project.

Finance has reviewed the financing plan and confirms that funding is available as detailed in this report.

H. Ross Hyatt
Acting Director of Parks and Leisure Services

HRH/kv

Cc: President of the Okanagan Kokanees Gymnastics Club
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Deputy Director of Finance