
CITY OF KELOWNA

MEMORANDUM

Date: December 10, 2002
File No.: 0760-20
To: City Manager
From: Cultural Services Manager
Subject: Rotary Centre for the Arts – Capital Budget Status

RECOMMENDATION:

THAT Council authorize a change in funding source for the Rotary Centre for the Arts 2002 capital budget of \$267,060, by a transfer of \$171,060 from existing Parks and Leisure Services Department projects and \$96,000 from the Community Arts Centre Reserve, in place of community contributions;

AND THAT the 2002 Financial Plan be amended by increasing the Rotary Centre for the Arts capital budget by \$243,300, with \$203,300 from the Major Facilities Reserve and \$40,000 funding from the Community Arts Centre Reserve.

Discussion:

The construction of the Rotary Centre for the Arts project is now completed and we are very pleased to report that this has been accomplished substantially within the approved civic budget. The facility is now fully operational. All of the areas which were expected to have leases, have indeed been leased. Rentals and RCA sponsored programs are attracting very positive community response. The general public response to the entire facility has been overwhelming, evidenced by the many positive and complimentary comments that both the Rotary Centre and City staff receive daily on the attractiveness and spaciousness of the facility.

The attached budget summary does indicate that there is a difference of \$628,366 between the actual capital costs of construction and the funds available. This difference is greater than was expected in earlier 'in-stream' budget projections, as it was anticipated that some construction cost savings were possible. However, these cost savings were not able to be achieved.

The Kelowna Visual and Performing Arts Centre Society continue to have a fund raising commitment of \$321,306. Staff is working closely with KVPACS to identify the methods and the timing for the society to pay the City these funds, as well as the other major financial commitments for KVPACS. City Council can expect a full report in the first quarter of 2003 regarding KVPACS financial obligations.

In order to make up the difference between the actual construction expenses, and the amount of the revised KVPACS commitment, staff is recommending that the City contribute an additional \$307,060 toward the capital construction costs of the RCA. Although the RCA project does have a revenue shortfall, there are other projects within the Parks and Leisure

Services department budget in 2002 that have been completed under budget, or are otherwise not required. The specific sources for this budget transfer/amendment are;

PROJECT OR BUDGET SOURCE FOR FUNDS	AMOUNT
PRC pool deck tile	\$65,000
Kelowna Community Theatre stage upgrades	\$34,900
RCA unspent operating budget	\$30,000
City Hall renovations	\$41,160
Community Arts Centre Reserve	\$136,000
Total	\$307,060

Staff continue to finalize construction deficiencies, payment holdbacks, and other related minor items. The last significant construction item is the major exterior signs. The tendering process is well underway, and the installation date is expected to be sometime in mid-January, 2003. Funding of \$40,000 for these remaining items is requested from the Community Arts Centre Reserve. Items that staff are not able to complete within the capital budget are the orchestra pit specialized equipment, and the storage area under the stage. These items will be addressed through future budget/fundraising projects.

A GST review was undertaken in 2002 to determine the most beneficial tax treatment for both the City and KVPACS. The result is that the City is eligible for a full GST tax refund but can not receive it until 2003. This means that the City will pay \$203,300 in GST to the end of 2002 and then recover the full amount in January 2003. Funding from the Major Facility Reserve is recommended to be used in 2002 and then be repaid to the reserve in 2003 when the GST is recovered.

JWR Oddleifson
Cultural Services Manager

Pc Director of Parks and Leisure Services
 Financial Planning Manager
 Civic Properties Manager

Attachment