

TO: Greater Vernon Advisory Committee

File No: 4850.01.04.GVCC-Design

FROM: Parks, Recreation, and Culture

Date: September 1, 2021

SUBJECT: Greater Vernon Cultural Centre – Funding Strategy & Project Options

RECOMMENDATION:

That it be recommended to the Board of Directors, the staff report dated September 1, 2021, regarding the Greater Vernon Cultural Centre funding application outcome and funding strategy and project options, be received.

SUMMARY:

In alignment with the most recent funding strategy for the Greater Vernon Cultural Centre, the Regional District submitted a funding application for \$8.5 million to the second intake of the Investing in Canada Infrastructure Program in late 2020.

The funding strategy for this project has had a number of iterations due to various constraints and, with the recent notification that the grant application was not successful, updated funding strategy and project options are being presented for the Committee and Board's consideration.

BACKGROUND:

At a regular meeting of the Board of Directors held on October 21, 2020 the Board endorsed an updated funding strategy for the Greater Vernon Cultural Centre:

Borrowing	\$25 million
Investing in Canada Infrastructure Program – Community, Culture and Recreation (ICIP-CCR)	\$8.5 million
Other Grants	\$2.0 million
Fundraising	\$4.0 million
TOTAL	\$39.5 million

As directed by the Board an application was submitted for the second intake of the ICIP – CCR program but was unsuccessful. To support the Committee's consideration of next steps, several options have been provided for consideration.

OPTIONS:

Several high-level options are being provided for the Committee's consideration. Most will require additional detail, however in the interest of refining any information required by the Committee the options are being presented for discussion.

Option 1. Continue with current funding strategy of the project

This option would proceed with the aim of securing \$8.5 million through senior-level government funding opportunities, \$2 million through other grants, and \$4 million through local fundraising to achieve a \$39.5 million project (with \$25 million in borrowing) as outlined in the current funding strategy.

Pros:

- Retains the current funding strategy and project plan of \$39.5 million.
- Leverages more senior-level grant funding if future funding opportunity becomes available and is successful.

Cons:

- Narrowing window of time for the approved \$25 million borrowing authorization and unknown future funding programs may result in an unachievable project under current funding strategy and time limitations.
- Uncertainty of project timing creates momentum challenge for fundraising.

Option 2. Adjust funding strategy for project

a) Increase fundraising requirement

Additional project funding through fundraising could be added to the funding strategy to make up for the anticipated shortfall from grant funding.

Pros:

- Retains current project plan.

Cons:

- Would be inconsistent with the fundraising feasibility study outcome for this project, which suggested a \$4 million target for the community's capacity.
- Risk of not meeting the fundraising targets.
- Uncertainty of project timing creates momentum challenge for fundraising.

b) Increase funding through taxation

Additional funding through taxation could be achieved through surplus, short-term borrowing, or an additional or new elector assent process for long-term borrowing. It could also include a combination of any of the above.

Pros:

- Retains current project plan.

Cons:

- Change to funding strategy's impact to taxpayers.
- Options that would require a new or second elector assent process may not be approved.

Option 3. Adjust project delivery approach

a) Phase the project

This option could include phasing a certain section of the building, or phasing the fit-out of the building where furniture, fixtures, and equipment is purchased as funding is available. Strictly phasing the fit-out of the current project would not resolve the funding limitations, so it would have to be combined with other strategies.

Pros:

- Retains current project plan.

Cons:

- Change to the original vision of the project.

b) Reduce scale and achieve objectives in a different way

This option proposes an evolution to the project that considers changes to the organizations and the community since 2018. The Greater Vernon Cultural Plan Implementation Team will be presenting on this option at the scheduled Special Greater Vernon Advisory Committee meeting. The most significant adjustment from the original plan is the continued use and renovation of the current museum, which reduces some of the planned museum spaces within the Greater Vernon Cultural Centre.

Pros:

- Allows for project objectives to be achieved within confirmed funding capacity.
- The project can move forward to next stage and avoid additional cost escalation over time.

Cons:

- Change to original conception of the project.
- Counter to the communication associated with the referendum.

If this option was preferred, it would be recommended that funding be approved to move to the next stage to confirm scoping through schematic design, however the *estimated* cost impact of the proposed adjustments have been compared to the current project budget and summarized below:

Project Estimates (2020 \$'s)	Current	Adapted (3b)
Building Shell:	\$14,108,000	\$9,750,000
Interior Construction:	\$9,224,000	\$6,040,000
General Equipment:	\$600,000	\$415,000
Site Development:	\$800,000	\$550,000
FF&E and Related Costs:	\$2,272,000	\$1,625,000
Renovated Museum:	\$0	\$4,500,000
Subtotal Construction:	\$27,004,000	\$22,880,000
Fees (12%):	\$3,092,000	\$2,105,000
Contingencies:	\$4,666,000	\$3,050,000
Cost Escalation (2 years)	\$2,473,000	\$1,850,000
Subtotal Fees & Contingencies:	\$10,231,000	\$7,005,000
Total Construction Cost:	\$37,235,000	\$29,885,000
Land purchase contingency	\$2,256,000	\$1,500,000
Total Project Cost:	\$39,500,000	\$31,385,000

LEGAL/STATUTORY AUTHORITY:

Greater Vernon Cultural Service Establishment Bylaw No. 2785, 2018

This bylaw establishes a service that is limited to:

- a) the provision of planning and administrative support for cultural services in the service area;
- b) the acquisition, disposition, operation and maintenance of, and borrowing for, land, facilities and cultural assets for the purposes of cultural programming in the service area; and,
- c) the provision of grants in relation to cultural facilities, programming or projects.

Greater Vernon Multi-Purpose Cultural Facility Loan Authorization Bylaw No. 2786, 2018

This bylaw authorizes the RDNO to borrow up to \$25 million to facilitate a portion of the funding required for the acquisition of lands and construction of the Greater Vernon Multi-Purpose Cultural Facility, with repayment of the debt over a twenty (20) year term.

Elector assent was achieved through referendum as part of the general local elections, providing the authority to borrow up to \$25 million for the purposes of constructing a multi-purpose cultural facility.

The referendum question was confirmed through the *Greater Vernon Multi-Purpose Cultural Facility Referendum Bylaw No. 2787, 2018*, as follows:

"Are you in favour of the Regional District of North Okanagan adopting the following bylaws:

- *Greater Vernon Cultural Service Establishment Bylaw No. 2785, 2018; and*
- *Greater Vernon Multi-Purpose Cultural Facility Loan Authorization Bylaw No. 2786, 2018*

which authorizes the Regional District of North Okanagan to establish a cultural service and borrow an amount not to exceed twenty-five million dollars (\$25,000,000) for the purpose of financing a portion of the monies required for the acquisition of lands and construction of a new Multi-Purpose Cultural Facility for the Greater Vernon Cultural Service."

While this authority has a limit of five years within which the monies must be borrowed, if the RDNO is confident that the project will proceed or it starts construction just prior to the bylaw expiry, there are actions the RDNO can undertake to extend this five-year borrowing window, such as adopting and acting upon a Temporary Borrowing Bylaw to fund initial project costs.

EXISTING POLICY:

[Greater Vernon Cultural Plan, 2016](#)

FINANCIAL/BUDGETARY CONSIDERATIONS:

Current Capital Funding Strategy Compared to Adapted Option (3b)

Funding Source	Current	Adapted
Borrowing	\$25,000,000	\$25,000,000
IICIP grant	\$8,500,000	--
Other grants	\$2,000,000	\$2,400,000
Fundraising	\$4,000,000	\$4,000,000
Total	\$39,500,000	\$31,400,000

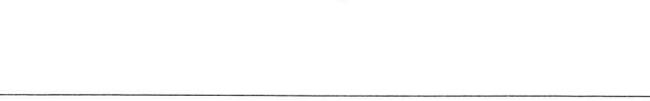
There is a high level of confidence in the ability to raise \$2.4 million through grant applications such as the federal Cultural Spaces Fund, which is designed for renovations such as those proposed for the museum spaces, or outfitting areas with furniture, fixtures, and equipment.

Submitted by:

Reviewed and endorsed by:



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Approved for Inclusion:



David Sewell
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