

Build Kamloops Finance Program



Canada's Tournament Capital

SUMMARY

The City of Kamloops is moving into an ideal financial position to take on significant investments in the community.

This PowerPoint provides a complete review of the City's financial strategy for this portion of the Build Kamloops initiative including:

- **current debt borrowing,**
- **proposed future debt,**
- **the financial impacts on ratepayers, and**
- **additional funding sources.**

SUMMARY

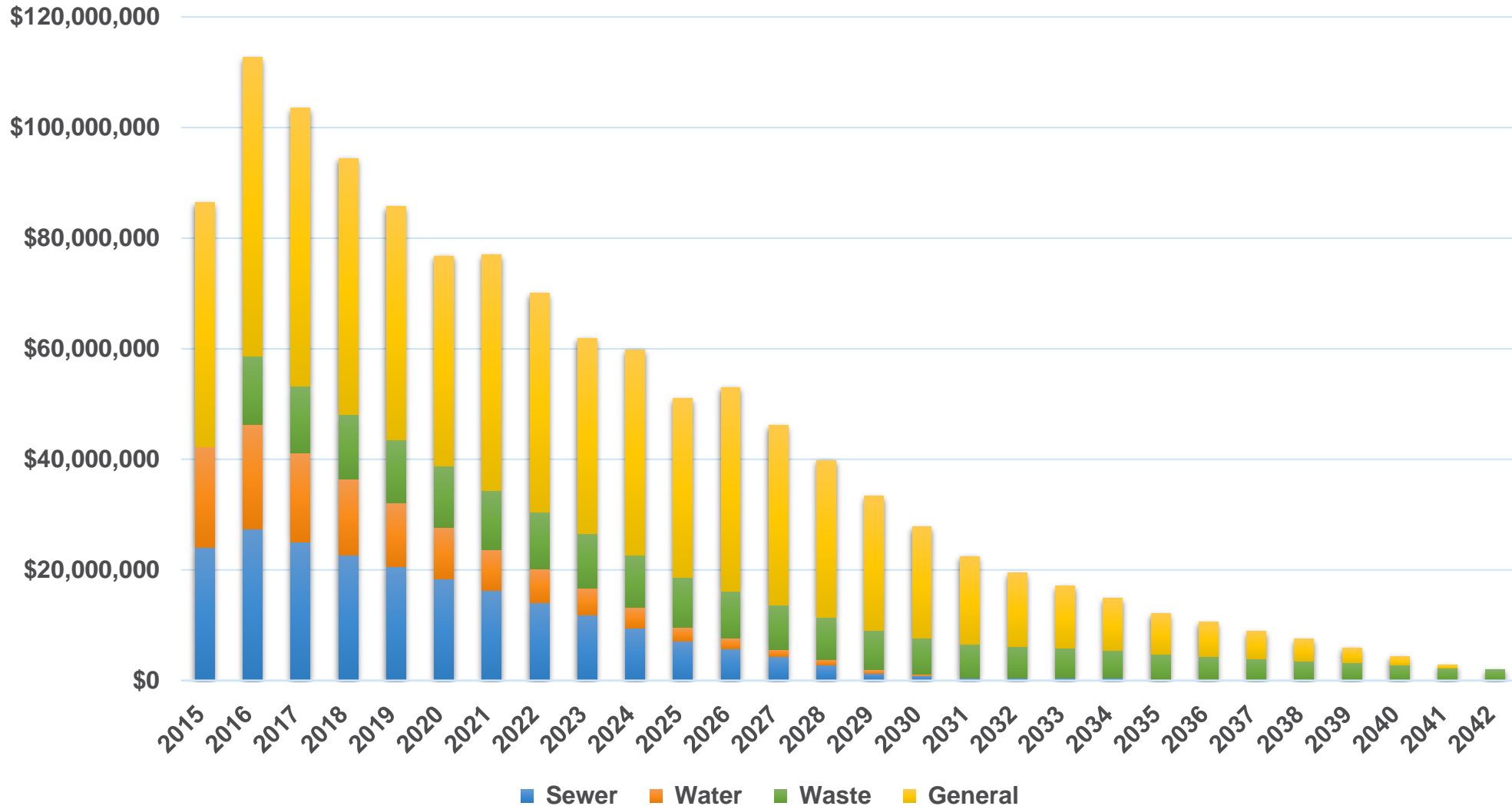
The City's overall debt is reducing

This reduction is allowing for an opportunity to invest in our community for current and future residents.

The Build Kamloops Initiatives next steps include:

- **Kamloops Center for the Arts - \$154,000,000**
- **Kamloops Arena-Multiplex - \$140,000,000**
- **Future Development Engineering and Design - \$10,000,000**

CITY OF KAMLOOPS DEBT PROJECTIONS



City debt is split across four core business units (funds) reflective of the assets that were created using debt funding.

Each fund pays for their debt servicing (mortgage payments) until the loan is paid off.

Local governments are only able to borrow to deliver assets, facilities, and major waste or sewer projects.

Similar to buying a house, we are not able to borrow for operations, like fixing potholes, snow clearing or addressing homelessness.

The general fund is where taxation funded projects and expenses are collected.

CAPITAL PLAN

Venue	Total Debt Funding	Fundraising	Reserves	Total Funding
Kamloops Centre for the Arts	\$128,000,000	\$20,000,000	\$6,000,000	\$154,000,000
Kamloops Arena Multiplex	116,000,000	20,000,000	4,000,000	140,000,000
Future Development	10,000,000			10,000,000
Total	\$254,000,000	\$40,000,000	\$10,000,000	\$304,000,000

The City develops capital investment plans with the principle of identifying means to fully fund projects.

Once projects are approved, grant funding opportunities are sought with the intent to reduce the taxpayer contribution.

This allows certainty for the creation and completion of a project.

The \$40 million for fundraising is the minimum target.

BUILD KAMLOOPS FUNDING STRATEGY

Venue	Requested Debt	Contingency Borrow \$	Contingency Borrow %
Kamloops Center for the Arts	\$140,000,000	\$12,000,000	8.6%
Kamloops Arena Multiplex	125,000,000	9,000,000	7.2%
Future Development Engineering and Design	10,000,000		0.0%
Total	\$275,000,000	\$21,000,000	7.6%

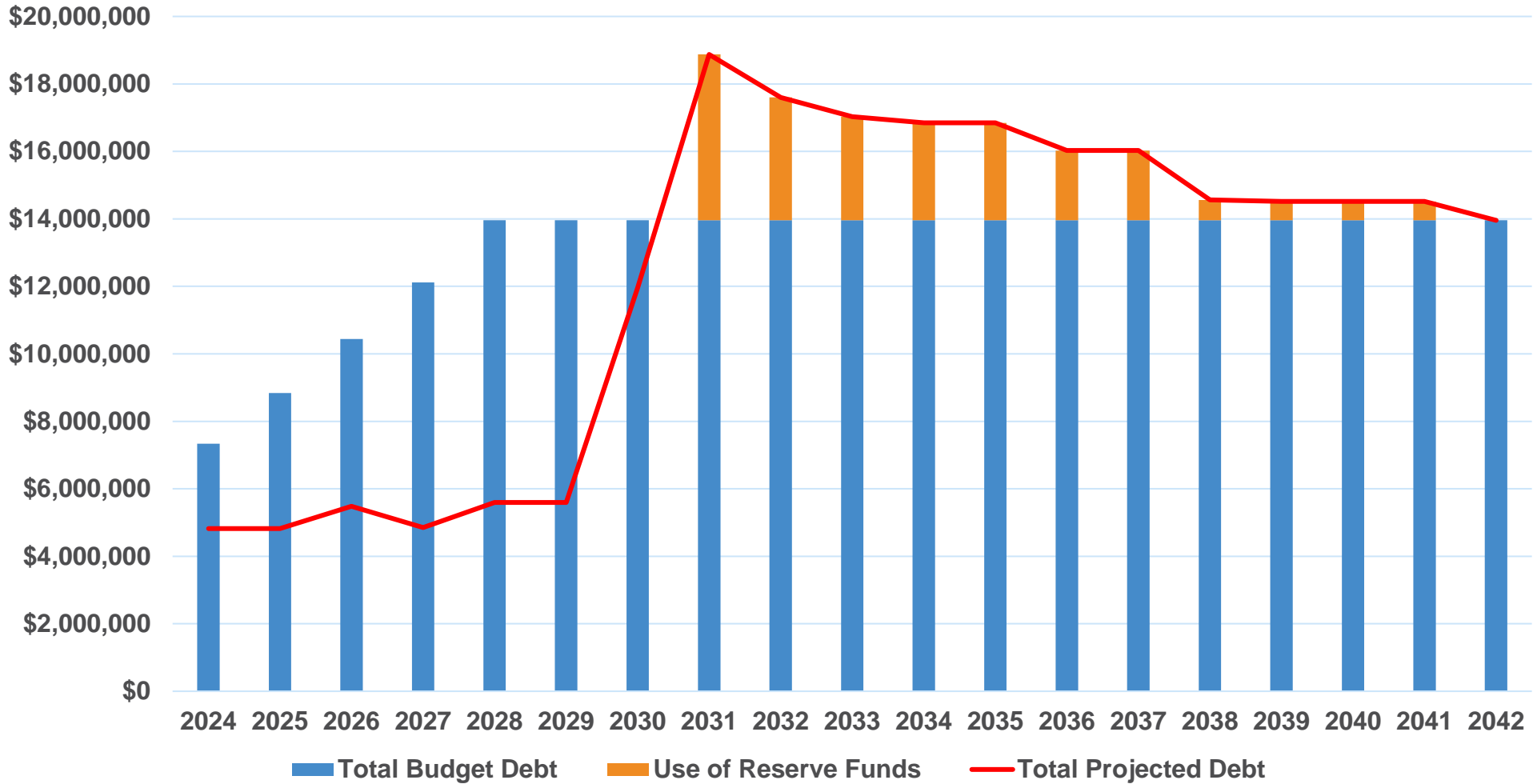
The City is seeking public approval for the borrowing in 2024, and as the projects will be built in future years, included in the loan amount is a contingency to guard against inflation in the future years.

While these funds are available, they will only be used if required.

CAPITAL PLAN – DETAIL DEBT DISTRIBUTION

	Anticipated Debt - General Fund	Debt Water	Debt Sanitary	Total Debt Funding	Fundraising	Reserves	Total Funding
Centre for the Arts	\$114,000,000	\$7,000,000	\$7,000,000	\$128,000,000	\$20,000,000	\$6,000,000	\$154,000,000
Arena Multi-Plex	102,000,000	7,000,000	7,000,000	116,000,000	20,000,000	4,000,000	140,000,000
Development	10,000,000			10,000,000			10,000,000
Total	\$226,000,000	\$14,000,000	\$14,000,000	\$254,000,000	\$40,000,000	\$10,000,000	\$304,000,000

BUILD KAMLOOPS FUNDING STRATEGY

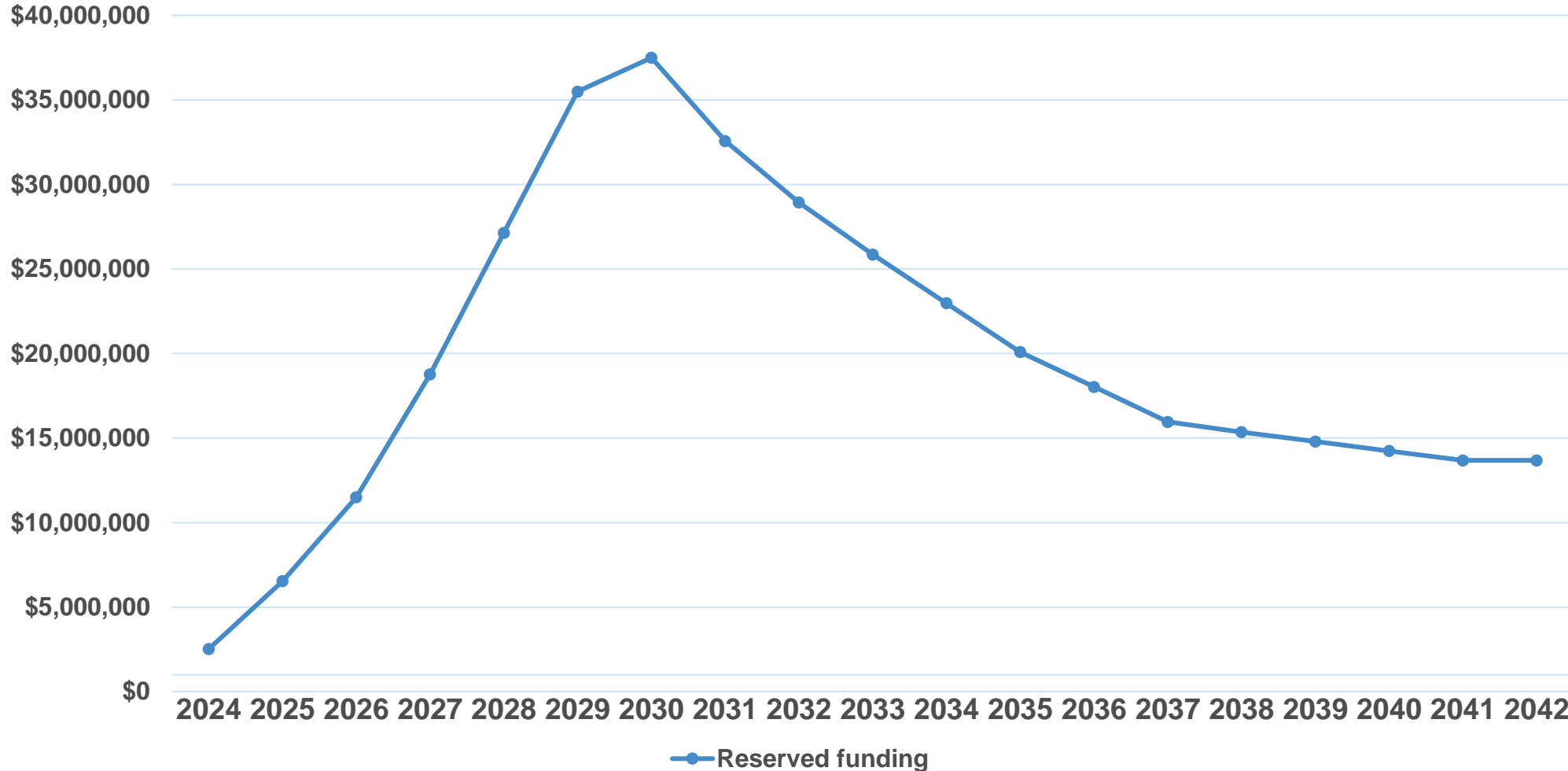


The funds indicated by the blue bars above the red line will be saved in a debt reserve to be put towards debt financing starting in 2031 through to 2041.

This approach reduces volatility by smoothing the taxation impact out over time.

BUILD KAMLOOPS FUNDING STRATEGY

DEBT FUNDING RESERVE



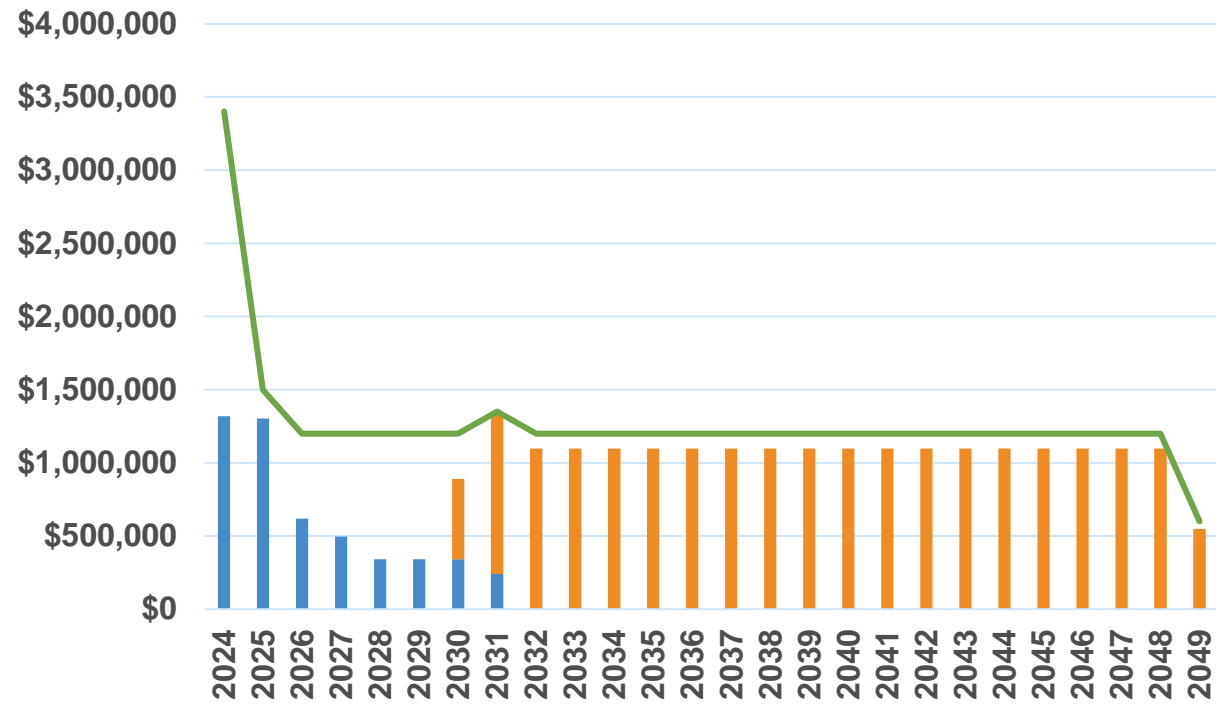
This reserve is being used for two purposes:

1. To guard against the need for additional taxation increases for these projects, and
2. To hedge against inflation and potential interest increases that could materialize over the next 30 years.

For planning purposes, the interest rate used was 4.33%

BUILD KAMLOOPS FUNDING STRATEGY

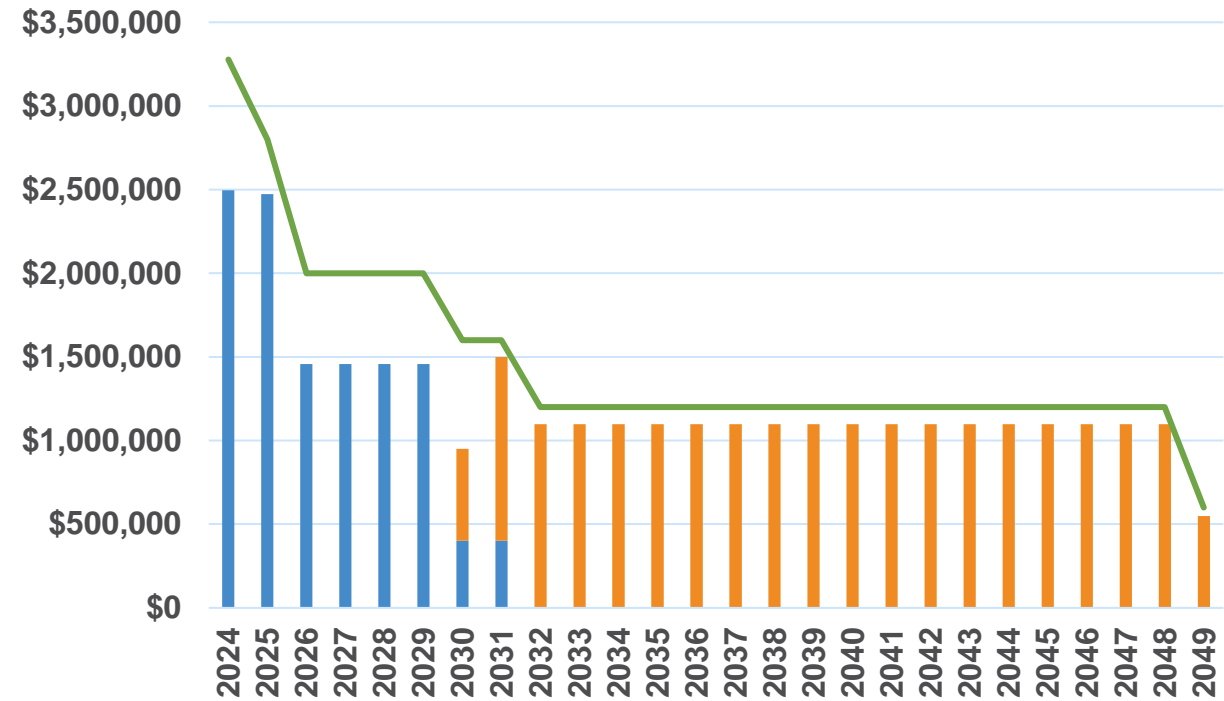
Water Debt



Current Approved Debt
Utility Debt Funding Budget

Proposed BK Debt

Sewer Debt



Current Approved Debt
Utility Debt Funding Budget

Proposed BK Debt

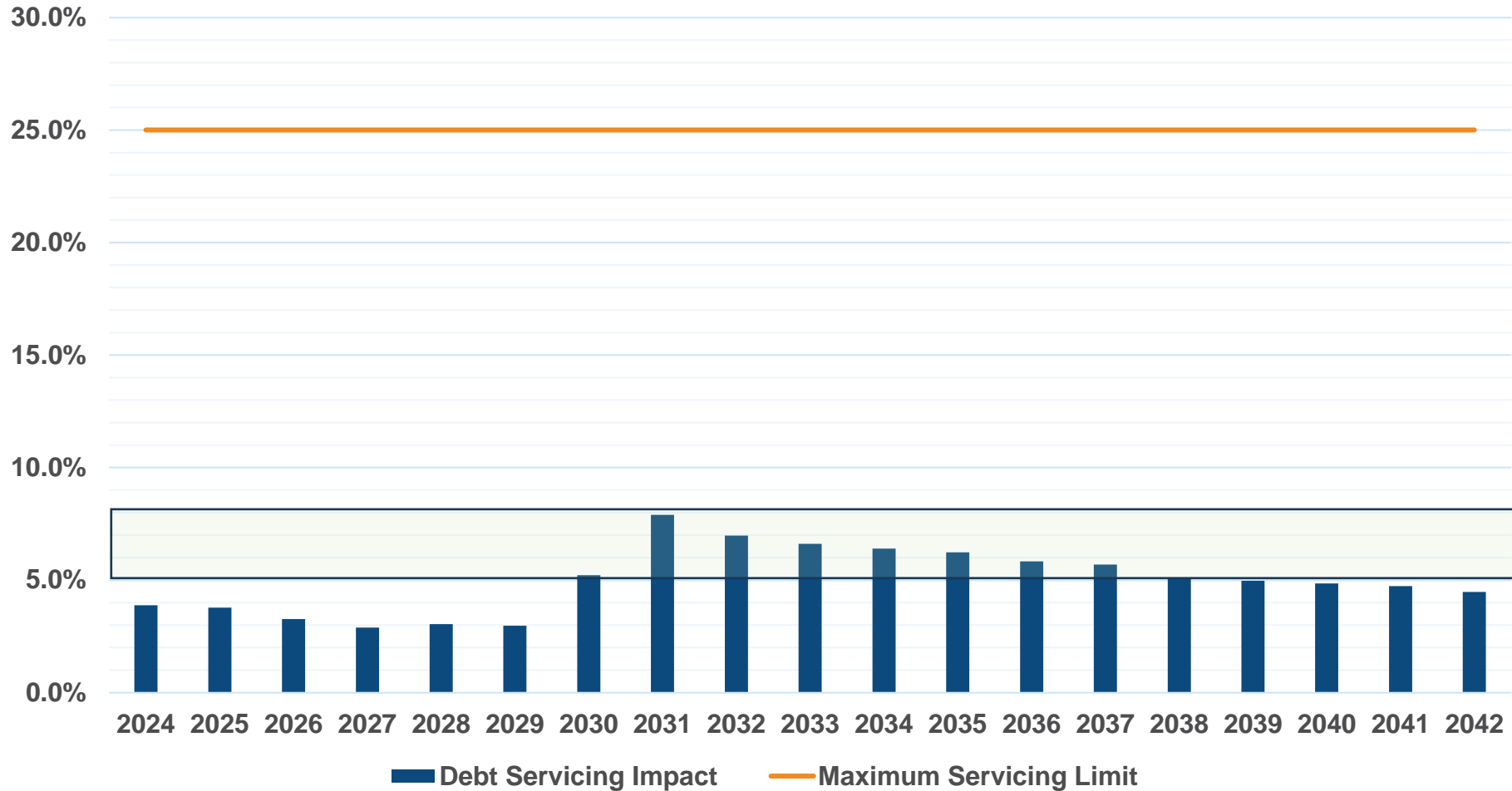
BUILD KAMLOOPS FUNDING STRATEGY

Additional Funding Sources

Reserve Funding

- **Growing Communities Fund**
 - **\$1,000,000 to support the development of Build Kamloops initiative**
 - **\$5,000,000 available to be contributed to the infrastructure projects**
- **Contributions from the Canada Community-Building Fund have been identified in the 5-year budget for the Build Kamloops initiative over the following periods:**
 - **2024 - \$2,000,000**
 - **2025 - \$2,000,000**
 - **2026 - \$1,000,000**

IMPACTS WITH APPROVAL OF BYLAWS



Municipalities can have a maximum level of debt servicing (mortgage payments), which is 25% of specific annual revenues.

In 2031, which is the largest mortgage payment year, the amount against the 25% maximum is 7.9%.

Debt levels across BC municipalities range between 5 – 8%. This level of debt is commonplace in local government and at a level seen as best practise in financial management.

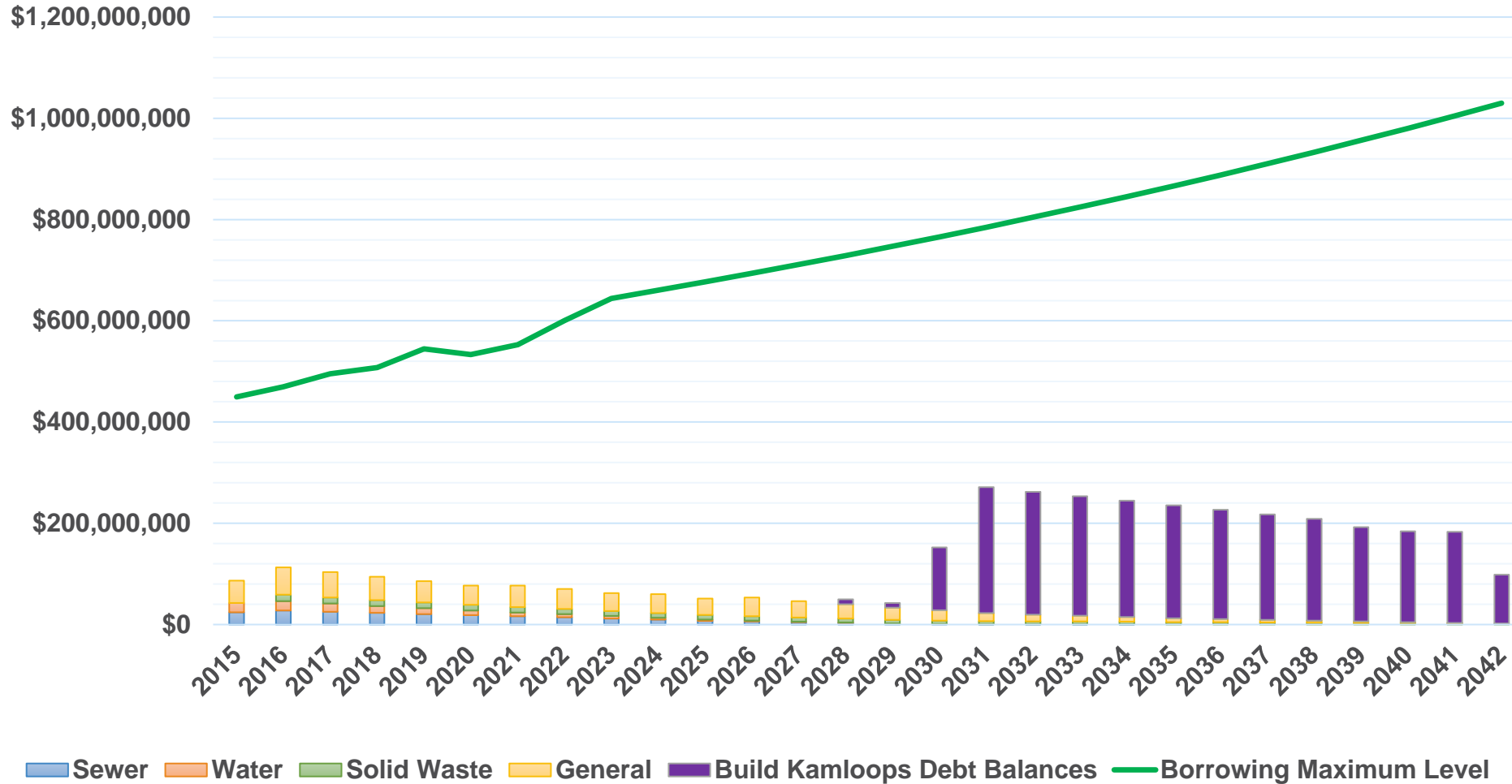
IMPACTS WITH APPROVAL OF BYLAWS

As the City continues to grow, it is expected that growth will contribute and increase the civic revenues that are used to establish the debt level that the City can use.

The Borrowing Maximum (green line), is based on a 25% debt servicing maximum, From 2015–2023, this is representative of the actual levels. Beyond 2023, the level is projected at an inflation rate of 2.5% annually.

This provides an estimate of what the maximum allowable level of borrowing will be that the City can undertake over the next 18 years.

Best practises in financial management look to keep this amount between 5–8%.



IMPACTS WITH APPROVAL OF BYLAWS

Kamloops Center for the Arts – Cash Flows

	2024	2025	2026	2027	2028	2029	Total
Debt - General		\$2,000,000	\$40,000,000	\$35,000,000	\$25,000,000	\$12,000,000	\$114,000,000
Debt - Water		2,000,000	4,000,000	1,000,000			7,000,000
Debt - Sewer		2,000,000	4,000,000	1,000,000			7,000,000
Reserves	\$2,000,000	3,000,000	1,000,000				6,000,000
Community Donations				10,000,000	10,000,000		20,000,000
Total	\$2,000,000	\$9,000,000	\$49,000,000	\$47,000,000	\$35,000,000	\$12,000,000	\$154,000,000

IMPACTS WITH APPROVAL OF BYLAWS

Kamloops Arena Multiplex – Cash Flow

	2024	2025	2026	2027	2028	2029	Total
Debt - General		\$4,000,000	\$20,000,000	\$40,000,000	\$30,000,000	\$8,000,000	102,000,000
Debt - Water		2,000,000	4,000,000	1,000,000			7,000,000
Debt - Sewer		2,000,000	4,000,000	1,000,000			7,000,000
Reserves	\$500,000	1,500,000	2,000,000				4,000,000
Community Donations				10,000,000	10,000,000		20,000,000
Total	\$500,000	\$9,500,000	\$30,000,000	\$52,000,000	\$40,000,000	\$8,000,000	\$140,000,000

IMPACTS WITH APPROVAL OF BYLAWS

Future Development Engineering and Design – Cash Flow

	2024	2025	2026	2027	2028	2029	Total
Debt - General					\$4,000,000	\$6,000,000	\$10,000,000
Total					\$4,000,000	\$6,000,000	\$10,000,000