

# KAMLOOPS CENTRE FOR THE ARTS

## KCA FAQs – FINANCIALS AND FUNDING

### How is this project funded?

- The funding plan is designed to avoid additional borrowing or tax increases.
- As outlined in the original funding strategy, the project uses a mix of debt, reserves, fundraising, and reallocation of existing funds.
- The financial plan is flexible, allowing for adjustments as risks are retired or additional funds become available.

In addition, the City is actively applying for grants, such as the Strategic Priorities Fund (up to \$7 million for the Kamloops Centre for the Arts), and will continue to seek further grant and investment opportunities throughout the project.

The Kamloops Centre for the Arts project is funded through a combination of sources, as detailed below:

### Construction and Fit-Out (\$150.5 million)

**What's included:** This is a full new build construction that include excavations, substructure, foundations, parkade (single level), superstructure, building envelope, interior finishes, elevators, electrical and mechanical systems, and general conditions. Theatre fit-out includes seats, orchestra pit-lift, theatre equipment, and concession equipment. Furniture and fixtures includes building signage, furniture, fixtures, appliances, building IT systems, and security systems.

**How it's funded:** Most of the funding comes from borrowing, as authorized by Council and approved by the electorate in the fall 2024 alternative approval process. The balance of the funding for construction and fit-out will be covered through fundraising and sponsorships. If fundraising and sponsorship targets are not met, other existing funds, reserves, or available grant funds would be used.

- Debt funding: \$140 million
- Fundraising and Sponsorship (Target): \$10.5 million

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## Soft Costs, Site Costs, and Allowances (\$37.8 million)

**What's included:** Site costs include third party utility relocations, disconnection and removal of utilities from the existing site, hardscaping, landscaping, streetscape improvements, facility service connections, and site servicing for all major utilities. Soft costs include professional consulting fees, architects, engineering costs, permit fees, insurance premiums, and City administrative expenses. Allowances include construction contingencies, material escalation allowances, and additional contingency held within the project risk register.

**How it's funded:** As these costs are essential to the construction of the project but not directly connected to the borrowing bylaw for the construction of the Kamloops Centre for the Arts, this portion of the project relies on fundraising and sponsorship, reserves, non-competitive grant programs/streams, and existing funds, if needed. This portion includes the risk contingency, there may be opportunity to lower the total funding requirement if risks are not realized, negating the need to utilize some of these funding streams.

- Fundraising and Sponsorship (Target): \$9.5 million
- Reserves: \$14.1 million
- Non-competitive grant program funding: \$8.4 million
- Existing funding: \$5.8 million

## Additional Parkade (\$22.7 million)

**What's included:** Deep excavation, foundations, and construction of a second parkade level beneath the Kamloops Centre for the Arts to add an additional 108 parking spaces.

**How it's funded:** Through a capital prioritization process, the City aligns resources and capital investments with organizational priorities and Council directives. As Council has prioritized the construction of this parkade to support the Kamloops Centre for the Arts and the surrounding downtown business district, funds have been allocated from existing budgets to support this construction.

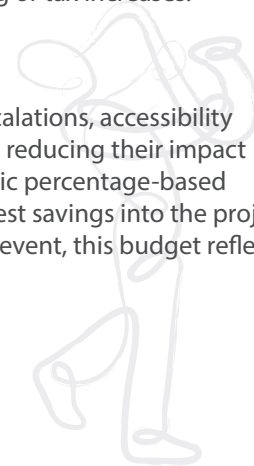
- Existing Funds: \$7.2 million
- Future Reserves (2030): \$15.5 million

## What happens if the fundraising and sponsorship target is not met?

This project has come to fruition thanks to the generous time and financial contributions of many community members, most notably Ron and Rae Fawcett. Prior to the start of the Build Kamloops program, an independent evaluation estimated \$40 million dollars in fundraising potential for the program. The City and its partners are working on a comprehensive fundraising and sponsorship campaign that will include philanthropic, corporate, and community contribution opportunities of all levels. If fundraising and sponsorship targets are not met, the City will use a combination of reserve funds, project scope adjustments, and prioritization of other projects to ensure the Kamloops Centre for the Arts can still be delivered without additional borrowing or tax increases.

## What happens if construction costs exceed the current estimates?

As part of the integrated project delivery process, risks discovered during validation/design (such as cost escalations, accessibility requirements, building code updates, and site complexities) are incorporated into the design, eliminating or reducing their impact before construction begins. Specific risk allowances are included in the budget, rather than relying on generic percentage-based contingencies. As the project progresses and potential risks are retired, Council will have the option to reinvest savings into the project or use them to reduce the overall project cost. Short of a pandemic-level disruption or similar force majeure event, this budget reflects maximum allowable cost, adjusted to 2025 dollars and supported by a fully developed design.



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## Why did we only ask for \$140 million in the alternative approval process (AAP)?

When determining the level of debt funding for this project, Council authorized borrowing \$140 million over 30 years to fund the construction of the Kamloops Centre for the Arts. This amount was determined in consideration of other borrowing requirements (i.e. Arena Multiplex, Kamloops Police Services, and other projects) to stay within municipal borrowing limits, minimize the impact of the borrowing on Kamloops taxpayers, and still cover a significant portion of the construction cost. At the time, the estimated total cost of the construction was \$154 million. Through the design and validation process, the integrated project delivery team created a Class A estimate of \$150.5 million to construct the Kamloops Centre for the Arts.

## What is the long-term financial impact on City budgets and taxpayers?

The debt financing for the construction of the Kamloops Centre for the Arts was funded through a 1% annual tax increase for five years. A 1% increase is approximately \$25 per year for the average Kamloops home. The funding plan is designed to avoid additional borrowing or tax increases, using a mix of debt, reserves, fundraising, and existing funding. The integrated project delivery model and transparent budgeting help manage costs and reduce financial risk.

## Are there ongoing operational subsidies required after opening?

An operating subsidy will be required after opening, similar to all other municipal recreation facilities. The Kamloops Centre for the Arts design considers energy efficiency and operational sustainability to help minimize costs— the exact funding needs will be finalized in the management plan. Based on the 2019 Kamloops Centre for the Arts business case (still largely relevant), the projected subsidy starts at approximately \$887,000 in the first year and decreases over time as revenues grow. This is comparable to other City facilities (2025), such as Sandman Centre (~\$550,000/year), Tournament Capital Centre (\$1.60 million/year), and Westsyde Pool (\$665,000/year). These contributions ensure facilities remain accessible and continue to serve as community hubs that support health and connection for all residents.

