

Report to Council



Date: March 31, 2025
To: Council
From: City Manager
Subject: Prospera Place Improvements
Department: Infrastructure & Real Estate

Recommendation:

THAT Council receives, for information, the report from the Infrastructure and Real Estate departments dated March 31, 2025, with respect to an update on various improvements being made to Prospera Place;

AND THAT the 2025 Financial Plan be amended to include an additional \$1.3 million for facility improvements at Prospera Place, with funding from General Unrestricted Capital Reserves;

AND FURTHER THAT Council authorizes the Real Estate Department Manager to negotiate and execute an agreement formalizing the City's ownership of the improvements being installed by the City.

Purpose:

To receive an update on the status of the various improvements being made to Prospera Place and approve a budget amendment to complete improvements.

Background:

On November 27, 2024, it was announced that the City of Kelowna had been chosen to host the 106th edition of the Memorial Cup, the prestigious national championship of the Canadian Hockey League. As part of the bid to host the event, the City and the Memorial Cup Bidding team committed to make a number of improvements to Prospera Place to ensure the 25-year old facility is in a position to host the tournament and other similar caliber events in the future.

On August 12, 2024, City Council approved initial funding of \$3.8 million to support various improvements that had been identified by the Canadian Hockey League and various other community stakeholders. The value of the improvements was based on a Class 5 estimate completed in 2022 and did not include taxes, consulting fees, design costs or project management fees. Council subsequently approved an additional \$4.26 million over the next three years for other long-term upgrades required at Prospera Place through the capital plan and budget cycle.

Discussion:

With the assistance of Stafford Sports, a third-party sports consultancy, Staff have been working together with GSL, the Kelowna Rockets, and the CHL to maximize the success of the Memorial Cup experience at Prospera Place, as well as the long-term community benefit of the associated improvements once the city takes ownership of the facility in 2029. To finalize acquisition of the improvements, which include new ice-making equipment, a new scoreboard, and a new sound system, an additional \$1.3 million over the initially approved budget of \$3.8 million is required. The funding variance is due to:

- The value range associated with the original Class 5 budget estimate, and the fact that soft costs (such as engineering fees), were not included;
- Cost escalation and exchange rate fluctuations (\$CDN to \$US) since 2022, when the original cost estimate was completed;
- The unique structural characteristics of the building, which require customized components; and,
- To ensure key elements – primarily the ice-making equipment and the scoreboard – meet the expectations and standards associated with hosting high-caliber, international events over the next 10-15 years.

As owners of Prospera Place, GSL has full care and control of the facility until 2029, with the City and GSL's respective responsibilities formalized in a Facility Agreement. To ensure there is no ambiguity as to the City's ownership of the items being installed at the City's cost, Staff are proposing an amendment to the Facility Agreement to formalize interim ownership of these assets between now and 2029.

Financial/Budgetary Considerations:

Additional funding of \$1.3 million is required to complete the Memorial Cup related improvements to Prospera Place. Staff are proposing this funding be sourced from General Unrestricted Capital reserves.

In addition to the increased capital funding request, Staff anticipate an increase in annual operating funding of \$100,000 to service and maintain the newly installed equipment, including \$45,000/year for an annual service agreement for the new scoreboard, \$18,000/year for an extended warranty for the new sound system and \$10,000/year in increased WIFI operating costs. Budget for these items will be requested as part of the 2026 Financial Plan.

Conclusion:

Prospera Place is the premier facility for hosting cultural and athletic events within the interior, as illustrated by the recent success of the Brier and the opportunity to host the Memorial Cup in 2026. With ownership of the property transferring to the City in 2029, significant capital investments are being made by the City to safeguard the buildings longevity, optimize the user experience, and maximize its impact on the on-going cultural and economic fabric of our City.

Internal Circulation:

Building Services
Finance
Active Living & Culture

Considerations applicable to this report:

Legal/Statutory Authority:

Legal/Statutory Procedural Requirements:

Existing Policy:

Consultation and Engagement:

Communications Comments:

Considerations not applicable to this report:

Submitted by: S. Wiik; Senior Project Manager
J. Säufferer, Real Estate Department Manager

Approved for inclusion: D. Edstrom, Divisional Director, Partnership & Investments

cc: J. Gabriel, Divisional Director, Active Living & Culture
J. Sass, General Manager, Corporate Services
M. Antunes, Financial Planning Manager
D. Nicholas, Sport & Event Services Manager
T. Lamin, Purchasing Supervisor