

An objective look at the proposed North Cariboo Multi-Centre Project

\$30 million project will cost an estimated \$35.8 million!

The North Cariboo Multi-Centre Fundraisers have been provided with the mandate to raise \$15 million. They have publicly stated that **85%** of the funds needed to move the project forward has been raised. **This would be equate to ~ \$25.5 million. This is misleading.**

This amount is based on the following. They have not been fundraised; they are based on funds collected and/or borrowed through taxation. The funds are not in the bank.

Funding Source	Amount	Details	Comments
Referendum	\$15,000,000	Loan Authorisation Bylaw; Expires December 13, 2013; true cost of borrowing \$15 million is close to \$20.8 million (\$5.7 million in interest paid over 20 years)	See points below
Pre-Taxation	\$1,900,000	Not formally committed / will be committed only if funding secured from all other sources, such as the federal government or corporate fundraising initiative, is not enough to complete the project	See points below
TOTAL	\$16,900,000		

The actual amount needed to be fundraised is \$15 million. To date, the following cash / grants / pledges are attributed to the project - these are approximate.

Source	Amount	Details
GRANT - Province of British Columbia	\$4,000,000	April 14, 2012; http://www.newsroom.gov.bc.ca/2012/04/4-million-for-new-recreation-centre-in-quesnel.html ;
GRANT - Northern Development Initiative Trust / NDI	\$2,000,000	May 2, 2011; http://www.quesnel.ca/DocumentBank/Multi-Centre/releases/NCMC_2011-02_NDIgrant.pdf
CASH	\$215,835	September 3, 2013; Seat Sales, Events, Mural Sales, Community & Corporate Donations

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PLEDGE - West Fraser Mills	\$500,000	Initial Contribution of \$500,000 (http://www.quesnel.ca/DocumentBank/Multi-Centre/releases/2012/2012.11.14_WFraser_announcement.pdf)
PLEDGE - West Fraser Mills	\$500,000	Match local fundraising (seat sales, mural, etc.) (http://www.quesnel.ca/DocumentBank/Multi-Centre/releases/2012/2012.11.14_WFraser_announcement.pdf)
PLEDGES	\$669,830	September 3, 2013 *; Seat Sales, Murals, Events, etc.
TOTAL	\$7,885,665.00	

* September 3, 2013 – date of North Cariboo Multi-Centre Community Meeting at City of Quesnel Council Chambers

The amount **actually fundraised by the community is \$1,885,665 or 12.6% of the \$15 million required. If the grants are included in the fundraising efforts, the total equates to 52.6%** of the \$15 million needed.

Point 1: Funds Committed to the North Cariboo Multi-Centre Project – Taxation, Pre-Taxation, Fundraising, Cash and Pledges

FUNDS APPROVED THROUGH NOVEMBER, 2008 REFERENDUM - \$15,000,000

Amount	Details
\$15,000,000	The “ Cariboo Regional District North Cariboo Recreation and Parks Service Loan Authorization Bylaw No. 4396, 2008 ” allows the CRD to borrow up to \$15,000,000 to “ <i>undertake and carry out or cause to be carried out the construction, repair and improvement of recreation facilities in the North Cariboo Recreation and Parks Service Area generally in accordance with concepts presented to the public as part of the Multi-Centre planning process and to include an arena, performing arts theatre and multipurpose space...</i> ” This bylaw was passed through a Referendum (52% in favour; 48% opposed); The bylaw was adopted December 12, 2008 and is due to expire December 13, 2013 .
3.85%	Long Term Interest Rate (10 yr. loan rate)
\$62,500.00	Monthly Payments
\$5,799,062.40	Total Interest Cost (over 20 years as term cannot exceed 20 Years as per Bylaw 4396)
\$20,799,062.40	Total Cost to Taxpayer (approximate)

Note: Above calculations are based upon \$15,000,000 being borrowed from the Municipal Finance Authority (<http://mfa.bc.ca/>) at a long term interest rate of 3.85% with an amortization of 20 years. The numbers provided above are based upon the use of the Royal Bank of Canada Business Loan Calculator (http://www.rbcroyalbank.com/RBC:yt0CzawYUAsBLgAepQEAAA1/cgi-bin/business/loan_calc/loans.cgi)

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The North Cariboo Multi-Centre Business Plan (http://www.quesnel.ca/DocumentBank/Multi-Centre/MC_Final_Business_Plan.pdf) discusses Taxation Impacts on page 82. The table displayed in the section includes 3 different scenarios.

Point 2: PRE-TAXATION FUNDS

Taxpayers within the NCRP have been “pre-taxed” for the North Cariboo Multi-Centre since 2006. The CRD Board of Directors approved the following resolution at the November 17, 2006 meeting: ***“That \$30.00 per \$100,000 of assessed value, based on hospital assessments, be added to the taxes for the North Cariboo Recreation specified area, with the funds deposited into a reserve for the purpose of pre-taxation for the proposed multi-centre project. The rate shall be set so that residents pay at \$30 per \$100,000 of assessed value.”*** This pre-tax amount is part of expenditure section of the annual budget for the North Cariboo Recreation and Parks taxation function (October 9, 2012 North Cariboo Joint Planning Committee Meeting – North Cariboo Recreation & Parks proposed 2013 budget <https://quesnel.civicweb.net/Documents/DocumentList.aspx?ID=31740>).

By mid-2013, approximately \$2.3 million would have been collected, with \$600,000 of that used for Multi-Centre work (e.g. development of necessary pre-construction studies, technical documents, and the fundraising campaign). At this time, approximately \$1.9 million remains in the reserve.

On January 16, 2013, a News Release (http://www.quesnel.ca/DocumentBank/Multi-Centre/releases/2013/2013.01.16_MC_pre-taxation.pdf) stated the North Cariboo Joint Planning Committee (4 CRD Northern Directors and City Council members) had approved in principle to commit funding from the multi-centre pre-taxation towards the project. ***“This funding is designed to be “the last piece of the puzzle” and would be used if the funding secured from all other sources, such as the federal government or corporate fundraising initiative, is not enough to complete the project. Only then would the pre-taxation amount be formally committed”.***

Concerns:

- (i) These funds have not been formally committed but are being included by the North Cariboo Multi-Centre fundraisers and City of Quesnel staff to the total funds raised to date to meet the \$15 million raised so as to borrow \$15 million. **To include them is misleading and is not consistent with the News Release.**
- (ii) If the referendum to extend the Loan Authorization Bylaw for two years is approved on November 9, 2013 and a Local Government Election occurs following the first year (November, 2014), it is possible the North Cariboo Joint Planning Committee would be comprised of different members in both CRD and City of Quesnel. For a resolution to pass by NCJPC, it must be voted in favour by both the CRD and City of Quesnel. It is possible a resolution to commit the pre-tax funds in 2014 or 2015 would not be approved due to either or both the CRD or City of Quesnel elected officials voting against it.
- (iii) The North Cariboo Multi-Centre Fact Sheet (http://www.quesnel.ca/DocumentBank/Multi-Centre/FACT_SHEET.pdf) states the **budget for the new facility is \$30 million**. It further states: ***“Local taxpayers will be asked for up to \$15 million, roughly \$60 per \$100,000 of assessed residential value with the remaining \$15 million coming from senior levels of government, local fundraising, and corporate sponsorships”.*** **By committing the pre-taxation funds to the fundraising efforts, the contribution of local taxpayers is potentially a total of \$22.7 million** (see table below)

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Amount	Source of Funds
\$15 million	Referendum
\$1.9 million	Pre-Taxation
\$5.8 million	Interest on Borrowing
\$22.7 million	TOTAL

- (iv) **The North Cariboo Multi-Centre Referendum Backgrounder**
http://www.quesnel.ca/DocumentBank/Multi-Centre/question_clarity.pdf) ***“You don’t get taxed until the money is actually borrowed and no money will be borrowed until ALL funding is in place. This means we need to secure an additional \$15 million from other sources, such as the federal and provincial governments BEFORE you would see any tax increase”.*** The decision to allocate pre-taxation funds to the \$15 million to be fundraised contravenes the background documents that were provided to residents at the time of the referendum. Funds collected through taxation (pre-tax) are being allocated to the project before all the funding is in place through fundraising.