

MEMORANDUM



Date: November 10, 2015
To: Standing Committee Meeting of November 10, 2015
Prepared By: Mike Schwartz, Chief Administrative Officer
Re: Performing Arts Venue – Email Questions From Nov 2, 2015

On November 2, 2015 Administration received an email from Councilor Stuart Taylor asking a number of questions about the proposed Hinton Performing Arts Venue. At the Regular Council meeting of November 3, 2015 Administration was directed by Council to bring the answers to these questions to the Standing Committee meeting of November 10, 2015.

Sharing this information in the public forum of the Standing Committee meeting allows for a broader distribution to the public. This is timely and important as Council seeks public feedback on the proposed Hinton Performing Arts Venue.

This memorandum represents Administrations responses to the questions.

Performing Arts Center:

1. Question: People say the \$28/year cost seems so low as to be unbelievable. At least that's what people have said. A few people flat out didn't believe the estimate. Can you please explain it in detail, addressing exactly what the \$28 does or doesn't pay for? (I regret that I didn't understand the earlier explanation.) *Answer: In addition to the explanations previously provided on municipal taxes and on mil rates there are many variables that council may consider when looking at options to fund the construction of this facility:*

The first assumption is that a debenture will not be required until the end of 2016 which means the first payment will not be due until 2017. The second assumption is that the debenture would be paid over 20 years as the interest rate is locked for the duration of the debenture.

- 1) *Currently under the ATE policy a minimum of 40% of the funds collected from ATE are directed towards a Defined Reserve Fund. This currently represented \$280,000 of which \$200,000 is going to the Roads and Sidewalk reserve and \$80,000 in 2015 was directed towards the New Infrastructure Reserve. Council may wish to direct that some of the ATE funds be used towards the PATCH project.*
- 2) *The changes in the cardboard recycling program is expected to save the Town \$150,000 / year. Council may wish to direct some of these savings towards the PATCH proposed debenture payment.*
- 3) *In 2019 debenture payments drop to \$1,446,657 from \$2,689,959. This represents \$1,243,302.*
- 4) *In 2020 debenture payments drop another \$365,914.*

MEMORANDUM



For the scenarios in 3) and 4), the Town is already collecting from the tax base the debenture payments (less what is transferred from reserves \$1,141,464 which ends in 2018). When the debenture payments end the intent is to continue transferring the equivalent payments to reserves or if a new debenture is required to transfer the payment to the new debenture.

As for how we reached the \$28.00/yr figure I am resubmitting the information provided to Council on Oct 20, 2015:

The debenture payment was based on 20 years for \$5,000,000.

The amount is based on assessed value. For presentation purposes, we tend to use the average residential unit price. In this case \$400,000 was used as the base number which is slightly higher than the average.

For a \$5,000,000 debenture:

10 years @ 2.068 semi-annual payments = \$278,026

15 years @ 2.579 semi-annual payments = \$202,037

20 years @ 2.908 semi-annual payments = \$165,735

For the PATCH project we do not believe that a \$5,000,000 debenture will be required and it will probably end up being in the \$3.5M to \$4M range if the decision is made for the full build out of course.

With this in mind and using a 20 year amortization the potential impact to the taxpayer could be in the range of \$25 to \$50 per annum. As mentioned before there are many variables to consider before being able to provide a final number.

The tax split between the non-residential rate and residential rate is 1.82%. For every dollar collected from the residential tax base, \$1.82 is collected from the non-residential tax base.

- 2. Question: Why are there no operational costs provided in the handout material? Surely there will be the need for a facility manager and other considerations. I had some experienced people tell me that they thought operational costs would be considerable. I had no basis upon which to agree or disagree or even comment on what they were saying. Answer: We are currently at the conceptual phase of this design. At this stage we were directed to determine if the community stakeholder's desirables could work in the Guild facility. We have determined that this is indeed possible at the Guild. Subsequent phases will determine the details of the design, the construction schedule and the operating model and the operating costs. One operating strategy could include the operational costs being absorbed in the user fees to ensure there are no extra costs to the taxpayer. Or perhaps the facility becomes solely operated by one of the groups and part of their operating model is full cost recovery? There are numerous options yet to be explored.*

MEMORANDUM



This build out has a very distinct advantage by being built onto an existing building. The day to day operating costs will be lower than a standalone facility of similar size. There is also a significant cost savings by not having to build a parking lot.

3. Question: What is the expected use rate for this facility, and what percentage of weekends and week days are expected to be busy? I ask this assuming that performances will likely continue at the current rate? *Answer: Administration also assumes that existing performances will continue at the current rate. With the designation of a Hinton Performing Arts facility in our community it is assumed that usage will increase.*
4. Question: Does administration have a statement regarding the manner in which the project will affect local contractors? *Answer: Our purchasing policy will be followed; tender documents will be prepared and released to the public at large for a general contractor to submit a bid to construct the facility. Upon receipt of qualified bids, Administration will make a recommendation to Council requesting a decision at a Regular Council meeting to award the contract.*
5. Question: Do you know if there has been any discussion about the possibility of utilizing the space as a movie theatre? (Several people have raised this issue.) Can the proposed Performing Arts Venue double as a movie theatre for commercial or specialty movies? *Answer: The design being proposed does support these types of uses however please recognize that no private theatre group has expressed interest in operating a venue for commercial/first run movies in Hinton.*
6. Question: How much does it cost to hold a plebiscite during a civic election and how much does it cost to hold one in-between an election? How much time does it take to hold a plebiscite? *Answer: Plebiscite – Under the MGA this is called a public vote.*

236(1) Council may provide for the submission of a question to be voted on by the electors on any matter over which the municipality has jurisdiction.

236(2) A vote of the electors under 236(1) does not bind council.

237 A vote of the electors under this Part must be conducted in accordance with the Local Authorities Election Act (LAEA).

With 237 in mind the same process must be followed as an election or by-election. The cost to run an election varies from \$7-12,000. (Probably closer to \$7,000 if there are no advance polls). The question would have to be advertised and that could be 2-3 weeks before the vote.

MEMORANDUM



7. Question: How much of the original \$1 million in federal grant money are we still expected to receive? *Answer: The \$1 million in funds are secured provided the project can move forward by the fall of 2016. Please note that the Town has invested the \$1million with accumulated interest totaling \$39,000 as of Nov 1, 2015. If the funds are returned then the interest would be returned as well.*

8. Question: A mom from Hinton School of Dance wants to know if dance performances can go on in this venue. *Answer: The concept design and one of the key design factors in the stage does support dance and number of other performance activities. Who uses it when and how that will be determined will be clarified once the operating model is developed.*

SWITZER DRIVE

There was one additional question included in the email with respect to the newly constructed portion of Switzer Drive:

Question: I have been asked about the road turnoff near the Switzer Drive sign on the fence. It goes nowhere. What did this cost and why did we do it? *Answer: Administration would like more clarification on this question. We are not quite sure what information you are asking us to provide?*

As you can see, some of the questions above are very difficult and in some cases not possible to answer at this stage of the project. Administration was directed to develop a conceptual design that incorporates the requirements of the stakeholder groups into the current Guild building. This stage of the project has been completed and we are awaiting Council direction on next steps.

Please contact me if you require further information and or clarification on any of the above.