

2007-NOV-06

Letter to the Editor

RE: Clipper Multiplex Proposal

There has been much media attention regarding the Nanaimo Clipper's public announcement in abandoning their quest to build a Multiplex in partnership with the City. The Nanaimo Clippers are a valuable community organization who have contributed both on and off the ice in developing our sense of community in Nanaimo. The Clippers have also been a valued business partner as a major tenant in taxpayer provided facilities. Because of this, Council continues to be interested in discussing potential partnership opportunities with the Nanaimo Clippers.

However in the specific case of the Clippers Multiplex proposal, it is important to be aware that the Clippers have never met directly with City Council on their proposal, nor provided a business plan providing details of proposed taxpayer contributions to this private facility.

The Clippers' proposal for a Multiplex began with an invitation public event on June 15, 2006 and it was on that afternoon that Clipper owners Messrs. Gallacher and Wagner came to my office and provided a briefing to Councillor McNabb, Chair of the Parks Recreation and Culture Commission, Senior Staff and myself on their private initiative. The proposal included a privately owned facility, operated through the Clippers with no City taxpayer funding required for construction of the project. The proponents stated that City taxpayers may be requested to provide land and a modest revenue stream through the use of the facility. The Clippers owners were confident that Senior Government funding would be available for their project. Councillor McNabb and I were quite excited about the confidence the Clippers had shown in developing a funding proposal independent of significant support from Nanaimo taxpayers. We were assured a comprehensive business plan would soon be forthcoming.

The following day, the City Manager wrote to the Nanaimo Clippers to advise that the City would provide any technical assistance required and would assist in expediting a formal proposal for Council's consideration.

In February 2007, the Clippers formally submitted a letter asking that the City participate in the development of a private facility at Beban Park in the vicinity of the current VIEX lease.

The proposal from the Clippers was radically different from their information to both Council and the general public in June 2006, in that they were now asking

the City taxpayers to provide 1/3 the capital cost, as well as request the City's support in obtaining another 1/3 from Senior Government, as well as payment by the City taxpayers of a guaranteed long-term lease for ice rental of no less than \$675,000 per year (\$16.875 million over 25 years). As well the City was asked to provide land for parking spaces, for which all revenue would accrue to the Clippers. All costs associated with the redevelopment of Beban Park, removal and replacement of buildings, etc. would also be at the City taxpayers' expense. The Clippers' proposal was based on a facility costing \$45 million to build. The City's view, having received independent advice, was that the facility would actually cost \$60 million or more (not including site preparation or offsite works that will be required). The plan did not address who would be responsible for the additional costs.

The Clippers initially agreed to attend a Council meeting on February 19, 2007 to present their proposal. They then unexpectedly phoned to advise that they were not willing to attend a public Council meeting and wanted their proposal to go to Council out of the public eye. The Clippers did not attend the public Council meeting, choosing instead to have City staff deliver a report on the Clipper proposal. It was City Council's view the Nanaimo Clippers had made a public proposal in June 2006 to the community and therefore the issue should now be discussed in an open and transparent public forum. As a Council, we have an obligation to communicate and consult with the community and the existing stakeholders at the Beban site.

I personally spoke with the Clippers' consultant on February 22, 2007, and I again asked for a copy of the business plan which could be shared with the public to identify the viability, market and facility costs.

In fact, Council has repeatedly asked for a business plan from the Nanaimo Clippers since their presentation in June 2006. I am aware that the Clippers did hire a Victoria-based facility consultant to develop a business plan. I was encouraged that this plan would be presented to Council. We were advised that the business plan would be forthcoming and the consultant continued to work on the plan as evidenced by his request for technical information.

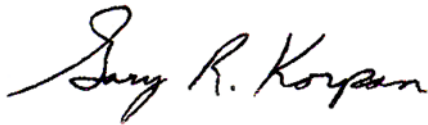
Council were, therefore, surprised when the Nanaimo Clippers, announced through the media that they were abandoning the plan as a result of lack of support from the City. The Clippers consultant's report has never been provided to the City. Council is simply not going to ask the taxpayers of this community to finance what could be a \$60 million plus facility without any business plan or construction details provided.

The City has provided support to the Clippers in developing their proposal for a Multiplex. City staff have provided time, advice and research to their consultants. Quite frankly, the Clippers owners have conducted their development of a Multiplex proposal through the media and have not delivered on the public

promises they have made. I recognize that blaming Council is easy, and perhaps fashionable, but Council is not the party that made the promises to the community. However, Council is responsible for ensuring that taxpayers' interests are managed in the best interests of our community.

Council encourages the Clippers to develop a business plan and enter into a transparent community discussion about potential partnership opportunities. Since it is now clear that the proposal will require significant public resources an important discussion about the community's priorities needs to occur. I expect this discussion will occur with or without the involvement of the Clippers organization; however, we believe the debate will be enhanced with their active participation.

In conclusion, Council was and is open to a discussion with the Clippers and also any other proponents wishing to partner in the development of joint facilities which would serve both community needs and private business interests. We invite any and all such parties to conduct such a discussion with Council and the community at large.



MAYOR KORPAN



COUNCILLOR LARRY MCNABB
Chair, Parks Recreation and
Culture Commission