

Subject: Notes on Financial Workshop #4 held Nov 23/2004

Date: Sun, 02 Jan 2005 22:53:57 -0800

From: Corrie Kost <kost@triumf.ca>

To: fonvca@fonvca.org


CC: council@dnv.org, Eric Andersen <andersen@sagafc.com>, Agnes Hilsen <HilsenA@district.north-van.bc.ca>, Alan Nixon <Alan_Nixon@dnv.org>, 'Allan Orr' <allandorr@shaw.ca>, Bill Tracey <wrtracey@telus.net>, Brian Platts <bplatts@shaw.ca>, 'Cathy Adams DNV' <cathyadams@canada.com>, Ernie Crist <ernie_crist@dnv.org>, James Ridge <james_ridge@dnv.org>, john hunter <hunterjohn@telus.net>, 'Liz james' <cagebc@yahoo.com>, 'Maureen Bragg' <m.bragg@shaw.ca>, jharris@dnv.org, lmuri@dnv.org, mmckeonholmes@dnv.org, nixona@dnv.org, rwalton@dnv.org

To Members of FONVCA

Attached is a pdf file of my own notes/comments on the Nov 23/2004 Financial Workshop I trust you find it useful and factual. It is best used in conjunction with Notes provided at http://www.dnv.org/upload/documents/council_workshops/fp041123_minutes.htm

Corrie Kost

cc: DNV Council etc...

 23nov2004-cjknotes.pdf	<p>Name: 23nov2004-cjknotes.pdf Type: Portable Document Format (application/pdf) Encoding: base64 Download Status: Not downloaded with message</p>
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NOTES OF THE CFO'S FINANCIAL WORKSHOP #4 ON INFRASTRUCTURE REQUIREMENTS

Held on Tuesday, November 23rd, 2004
at 5:00pm in the Committee Room
by Corrie Kost

Disclaimer: These are my personal notes and may contain errors in both content and interpretation as to what transpired at this workshop. Please check the "official" version posted by the DNV at http://www.dnv.org/upload/documents/council_workshops/fp041123_minutes.htm
Some *personal notes/comments* are also added in italics.

John McPherson, Chief Financial Officer, stated that new Capital projects are driven by community growth and also that without growth we need to decommission those items of low priority. James Ridge, Chief Administrative Officer, stated that low growth adds to pressure of maintenance costs of our libraries, fire-halls, golf course, rec. centers, sports fields. He stated that there are no painless solutions – that sewer/water situation is well in hand but not so for our storm sewers. There was a need to manage public expectations and revisit past investments to see if they are still needed. There is insufficient funds in the Capital budget to cover even maintenance much less consider new projects.

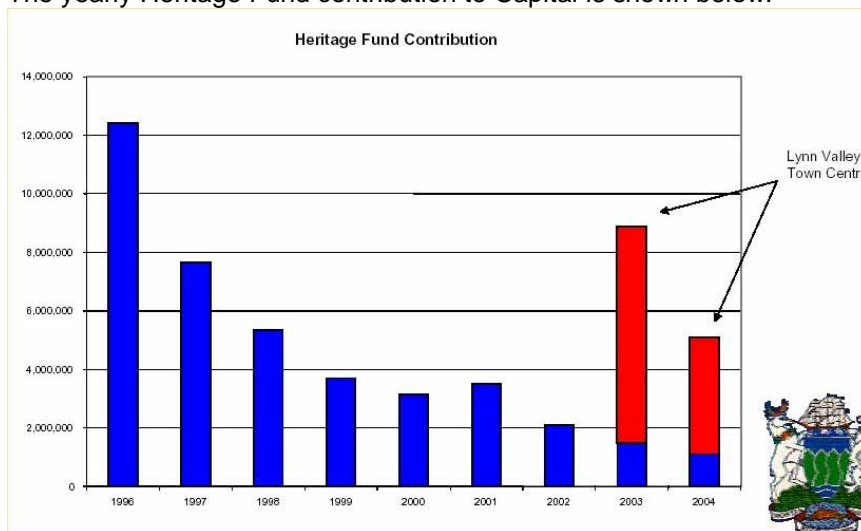
This is hard to accept as the District funded major capital projects by referendum during periods of low growth. As well, during low growth, one need no longer expand facilities but only maintain what one has built – something which is a lot less expensive. In addition, taxes have been increased yearly for the last 7-9 years or so to shift more funds into Capital renewals (maintenance) – and reduce use of Heritage Funds (eg land sales) to fund these Capital renewals so that low growth can sustain these maintenance costs. If we reverted back to growth we would again be adding even more to the tax burden – requiring the current taxpayer to fund them AND their future maintenance. As everyone who purchases a home knows – once the Capital is paid for the burden goes down considerably and one needs only cover maintenance costs.

In the powerpoint presentation by Nicole Deveaux

http://www.dnv.org/upload/documents/council_workshops/pp4.pdf

It was pointed out that the district had a shortfall, averaging \$3m in the 1996-2004 period, to cover the capital renewals. The lowering of the heritage contribution was pointed out. *What was not pointed out was that the taxes were systematically increased yearly to compensate for the loss of the Heritage Fund contribution to Capital maintenance.*

The yearly Heritage Fund contribution to Capital is shown below.



It has been declining yearly till year 2000 when council stopped the phase-out program. It was planned to be phased out completely by 2005 but the Lynn Valley Town Centre funding took 7.5Million in 2003 and some \$4million in 2004.

Some \$52Million has been taken from the Heritage Fund (for “maintenance”) from 1996-2004. Over the next 16 years (2005-2020) \$128.8million (in 2004 dollars) has been identified for future capital requirements. **Budgetary items less than \$500K were ignored and if they were included the capital requirements may well be double or even triple that amount.** Only 34% of the \$128.8million has been identified in a funding source - \$85million has still to have a funding source to be determined (much less any excess over the \$128.8million !!). Most of the funding requirements are related to the needs of the Recreational Facilities and there was a suggestion that a “replacement surcharge” user fee be put in place.

Maintenance of our streets and parks continue to have a chronic shortfall of \$3m/yr (split about \$1.5m/yr each).

Corporate services would need \$700K to open up the third floor of the hall.

Animal shelter costs (since being taken over from SPCA) are increasing rapidly.

William Griffin needs repairs of \$565K for year 2005 with \$700K needed to replace the artificial turf there in 2009. Debris Flow Mitigations are estimated at \$27million. A policy needs to be considered – such as who pays. *I believe that at least 50% should be born by the impacted properties.* It was noted that many of the Powerpoint tables had expenditures in year 2005 – then little in the years to 2020. The museum and archives facility – originally to cost \$1.5million in the 1996 referendum is now to cost \$4.2million. A Federal Cultural Spaces grant of \$425K will reduce the shortfall to \$2,275,000 – which will be treated as a contribution from the Heritage Fund in the absence of an alternate source. *(the use of Heritage Funds – ie. Land sales – to fund a depreciating facility is ill-advised as such a policy is not sustainable)*

Asbestos problems were found in our existing fire-halls - #3 – only 30 years old would cost \$4.6million to replace. It seems the older fire-halls don't have the asbestos problem! Another Quint unit (\$0.85million) would be needed to service native development east of Seymour *(hopefully the service agreement would include this factor).*

Various options were outlined for meeting the space/seismic needs of the Capilano Library. A \$2million item for this is shown in the 2006 budget. It was noted that “option 3” – a new building at a “new site” would cost \$7.9million but it was also noted that there is “considerable community support to retain the current site location”.

The Recreation Commission master plan is being drafted and may change the overall picture – it now stands at \$45million but a lot was not shown.

All the above supposedly represents “upper limits” and is in line with studies made in 2002 And consistent with a \$8million/year requirement to maintain our infrastructure.

Councillor Nixon inquired about new funding opportunities provided by the Community Charter, seemed to support user fees to pay for rec. facilities replacement and suggested avoidance of any new facilities from 2006-2010.

Councillor Muri and Mayor Harris suggested Delbrook facilities be closed and combined with Griffin. Harris suggested housing for the Delbrook site.

Councillor Crist suggested that more development is not the solution and that DNV stop subsidizing CNV by \$6million/yr via rec. commission. He also questioned where \$600K, for the Alpine trails was coming from – apparently from the already chronically under-funded regular parks/trails maintenance budget.

Councillor Nixon suggested District go further into debt and borrow more money. He also wants to get Federal funding for major projects using gas tax.

It is interesting to observe that in 1996 there was a referendum to fund \$26million in capital projects over a 10 year period. The current discussion is about getting \$80-160million over 16 years BUT POSSIBLY WITH NO REFERENDUM!

Subject: RE: Notes on Financial Workshop #4 held Nov 23/2004

Date: Mon, 3 Jan 2005 10:36:53 -0800

From: "Alan Nixon" <Alan_Nixon@dnv.org>

To: "Corrie Kost" <kost@triumf.ca>, <fonvca@fonvca.org>

CC: "Mayor and Council - DNV" <Council@dnv.org>, "Eric Andersen" <andersen@sagafc.com>, "Agnes Hilsen" <Agnes_Hilsen@dnv.org>, "Allan Orr" <allandorr@shaw.ca>, "Bill Tracey" <wrtracey@telus.net>, "Brian Platts" <bplatts@shaw.ca>, "Cathy Adams DNV" <cathyadams@canada.com>, "Ernie Crist" <ernie_crist@dnv.org>, "James Ridge" <James_Ridge@dnv.org>, "john hunter" <hunterjohn@telus.net>, "Liz james" <cagebc@yahoo.com>, "Maureen Bragg" <m.bragg@shaw.ca>, "Janice Harris" <Janice_Harris@dnv.org>, "Lisa Muri" <lisa_muri@dnv.org>, "Maureen McKeon Holmes" <Maureen_McKeonHolmes@dnv.org>, "Richard Walton" <richard_walton@dnv.org>

Corrie, first of all Happy New Year! I appreciate your notes on the Financial Plan Workshop. I have no issue with most, if not all, your notes except the very last note.

My comment, if I remember it correctly, had to do with alternative sources of financing for the capital works ahead of us. Specifically, I asked John MacPherson if there was a vehicle that would allow the DNV to issue bonds to its citizens as a debt vehicle. I did not specifically express a desire to take on more debt but if, and I would suggest it is not if but when, we need to go into debt, I would prefer our own taxpaying citizens have the opportunity to benefit as investors than the MFA and its global investor sources.

regards, Alan

From: Corrie Kost [<mailto:kost@triumf.ca>]

Sent: Sun 02/01/2005 10:53 PM

To: fonvca@fonvca.org

Cc: Mayor and Council - DNV; Eric Andersen; Agnes Hilsen; Alan Nixon; 'Allan Orr'; Bill Tracey; Brian Platts; 'Cathy Adams DNV'; Ernie Crist; James Ridge; john hunter; 'Liz james'; 'Maureen Bragg'; Janice Harris; Lisa Muri; Maureen McKeon Holmes; Alan Nixon; Richard Walton
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