

Subject: RE: Agenda Item #3 Lynn Valley Library & Town Centre Project

Date: Mon, 20 Dec 2004 15:10:05 -0800

From: "James Ridge" <James_Ridge@dnv.org>

To: "Corrie Kost" <kost@triumf.ca>, "John Hunter" <hunterjohn@telus.net>

CC: "Corrie Kost" <corrie@kost.ca>, "Ernie Crist" <ernie_crist@dnv.org>, "Janice Harris" <Janice_Harris@dnv.org>, "Lisa Muri" <lisa_muri@dnv.org>, "Maureen McKeon Holmes" <Maureen_McKeonHolmes@dnv.org>, "Alan Nixon" <Alan_Nixon@dnv.org>, "Richard Walton" <richard_walton@dnv.org>, "Agnes Hilsen" <Agnes_Hilsen@dnv.org>, "Jim Cuthbert" <Jim_Cuthbert@dnv.org>, "Brian Platts" <bplatts@shaw.ca>, "Elizabeth James" <cagebc@yahoo.com>, "Mayor and Council - DNV" <Council@dnv.org>, "Eric Andersen" <andersen@sagafc.com>, <fonvca@fonvca.org>

The revised all-in cost per household by option is part of the presentation tonight.

James Ridge
CAO

-----Original Message-----

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

Sent: Monday, December 20, 2004 12:55 PM

To: John Hunter

Cc: 'Corrie Kost'; Ernie Crist; Janice Harris; Lisa Muri; Maureen McKeon Holmes; Alan Nixon; Richard Walton; Agnes Hilsen; Jim Cuthbert; 'Brian Platts'; 'Elizabeth James'; James Ridge; Mayor and Council - DNV; 'Eric Andersen'; fonvca@fonvca.org

Subject: Re: Agenda Item #3 Lynn Valley Library & Town Centre Project

Hi John,

I agree fully with you but the information I supplied was meant to be a condensation of the material of the DEC/2004 and APR/2004 options. I leave it to you and others to produce the real costs/year to the average household. The table did list the total \$ value of the public funds for each option. This is also what really matters - money from HF, Referenda, Reserves, Capital Budget, Borrowing - in the end all become taxes. So one can look at the overall costs - net income vs. what you get for each option as a way to select your preference.

There is no doubt that the bang for the buck has gone down and that we will pay more - even within the same "cost envelope".

Corrie

John Hunter wrote:

>We have seen numbers before that showed costs per household per year as

>less than \$5. I am highly suspicious of the numbers that were in the attachment

>to this e mail (attached). These low numbers were accomplished by >treating prior costs as "sunk costs" and hence ignoring them in >calculating the cost per household, or ignoring the costs of funds >already borrowed or approved for the project. Because all costs other >than development costs are recoverable by cancelling the project and >selling the land, this treatment of costs is totally inappropriate in >my experience, and ignoring them in calculating cost per household is not a credible treatment.

>>The July 16, 2003 report to council left \$13 MM out of the calculations

>of costs to ratepayers, but at least if you read the memo you could >easily figure that out.

>>The April 2004 report to council shows costs on page 3 paragraph two of >\$3.46 to \$15.43 per household, but as Nicole demonstrated in her >presentation at the Sept. 2004 public meeting and as the CBFAC pointed

>out, the true costs (before the increase in capital costs of \$8-10MM)
>were in the order of \$50-60.
>
>The magical low costs were based on ignoring \$18.6 MM of capital costs.
>
>The land costs (\$5.2 MM) are treated as sunk costs (incorrect), and the
>\$4 MM from the sale of the existing library site is treated as free
>money at no cost, \$7.4 MM in the budget is ignored and treated as free
>money, as is the
>\$2 MM federal grant (perhaps OK, but is it in the bag?). In all, IF
>you read the last page of the report, only \$15.1 MM of the \$34.5 MM of
>costs (at that time) is counted in calculating the cost to ratepayers
>at \$3.46, and then a second calculation is done at \$39.49 servicing the

>whole debt but that still leaves things out but I am not sure what.

>
>And that is before costs went up \$8-10 MM.

>
>Please let us show the entire project costs when we do these numbers.

I
>believe Nicole would agree with me on the sunk cost issue.

>
>
>John Hunter, P. Eng.

>President & CEO

>for J. Hunter & Associates Ltd.

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>-----Original Message-----

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

>Sent: December 20, 2004 1:59 AM

>To: Ernie Crist; Janice Harris; Lisa Muri; Maureen McKeon Holmes; Alan

>Nixon; Richard Walton; Agnes Hilsen; Jim Cuthbert

>Cc: Brian Platts; Elizabeth James; john hunter; James Ridge DNV CAO;

>council@dnv.org; Eric Andersen; fonvca@fonvca.org; corrie@kost.ca

>Subject: Agenda Item #3 Lynn Valley Library & Town Centre Project

>
>Your Worship & Members of Council,

>
>Attached you will find (in both doc and pdf format) a summary overview
>of the previous options (1-5) and the new options (A-D) relating to the

>Lynn Valley Library & Town Centre Project. I trust you will find it
>useful to focus on this rather complex issue.

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>
>Yours truly,

>
>Corrie Kost