

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

Date: Mon, 20 Dec 2004 12:28:56 -0800

From: "John Hunter" <hunterjohn@telus.net>

To: "Corrie Kost" <corrie@kost.ca>, "Ernie Crist" <ecrist@dnv.org>, "Janice Harris" <jharris@dnv.org>, "Lisa Muri" <lmuri@dnv.org>, "Maureen McKeon Holmes" <mmckeonholmes@dnv.org>, "Alan Nixon" <anixon@dnv.org>, "Richard Walton" <rwalton@dnv.org>, "Agnes Hilsen" <HilsenA@district.north-van.bc.ca>, "Jim Cuthbert" <jcuthbert@dnv.org>
CC: "Brian Platts" <bplatts@shaw.ca>, "Elizabeth James" <cagebc@yahoo.com>, "James Ridge DNV CAO" <james_ridge@dnv.org>, <council@dnv.org>, "Eric Andersen" <andersen@sagafc.com>, <fonvca@fonvca.org>

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.

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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.

Yours truly,

Corrie Kost

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