

Subject: FW: Night Two re LVP

Date: Wed, 22 Dec 2004 09:35:33 -0800

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

To: "Corrie Kost DNV" <kost@triumf.ca>

For FONVCA web

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

From: John Hunter [<mailto:hunterjohn@telus.net>]

Sent: December 22, 2004 9:33 AM

To: James Ridge DNV CAO; Mayor Janice Harris DNV (janice_harris@dnv.org);
Councillor Alan Nixon DNV; Councillor Jim Cuthbert (jcuthbert@dnv.org);
Councillor Maureen McKeon Holmes; Councillor Richard Walton; Councilor Ernie
Crist DNV (ecrist@dnv.org); Councilor Lisa Muri DNV (lmuri@dnv.org)
Cc: Irwin Torry DNV; Nicole Deveaux DNV; Eric Andersen DNV (new); Allan Orr;
Bill Tracey DNV; Brian Platts DNV; Cathy Adams DNV; Corrie Kost DNV
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Subject: Night Two re LVP

Hi all

A couple of brief comments re last night where the LVP was approved.

First congrats to C. Walton for telling it like it is re cost of the project to each householder, but I believe he said "over \$60". That is true, but the real "all-in" cost by Staff's numbers is over \$80 per household per year as explained in my e-mail of yesterday. But the fiction that it is a few dollars seems finally to be put to bed. Also congrats to C. Walton on his points on responsibility and accountability. And to he and C. Muri for trying to get a referendum. I think both Council and the LV group will deeply regret dodging a referendum if this thing goes sideways, because they could have won it by getting everybody in LV out to vote in the typical low turnout scenario.

And congrats to you all for a decision. It was needed.

C. Nixon: contingency is to cover all those unplanned things that we know will happen in a project. It is normally NOT to handle major problems that we suspect will happen in my experience, it is for stuff we cannot foresee. Re fixed price vs. cost plus: Yes, you said last night and as I said in yesterday's e-mail, a lump sum fixed price contract can cost more as bid, because it is, in effect, insurance. It limits your exposure, but potentially at a price. It may well cost far less as built, in this environment. But if you have huge changes of scope as apparently at Northlands, you will get hit hard under any type of bid. And if you do bids in sequence as apparently planned, you may not know your total exposure until you are beyond the point of no return.

As to no C. Nixon's claim that there is no evidence we have hit an "affordability limits" for citizens, and someone's comment that there was not a lot of grousing about the costs of this project, may I respectfully

point out that the costs have been stated in some staff memos and by folks at FONVCA meetings as under \$10 per household, but at least with staff reports you could figure it out. The problem with the staff reports is they are open to misinterpretation despite Nicole's best efforts to explain them. Let's put the \$80-90 figure in the papers and see if you get the same reaction of silence! And that \$80-90 is if everything goes right. Yes, some of that is already in taxes for the land purchase, but the fact remains that taxes will be \$80-90 higher than they would be if we cancelled the project and sold the land. I believe Nicole would agree with this.

In closing folks, I am not the pessimist or "chicken re risks" that some may believe. I led the efforts that resulted in the only Cdn power plant in China and a \$550 MM US power plant in Indonesia. You can see pretty pictures on my website. So I am comfortable with intelligent risk-taking.

BUT I look at the DNV record on "one-off" projects and deals, and it is scary. (and to my recollection DNV did not manage the building of all the other libraries and the police station in CNV; the former were library boards and the latter CNV I believe). And I look at how this process was run and what our Citizens' Budget and Finance Committee found, particularly the "no risk" claims espoused publicly by certain senior staff and the current Mayor. The errors we found are traditional recipes for disaster in projects, as is the "no risk" attitude.

Good luck to us all and best of the season. Good luck to Mr. James and his team. I know they will do their best.

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