

Subject:

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URGENT - A MESSAGE FROM ERNIE CRIST

Under the new Municipal Charter which came into effect on January 1,2004 a Municipality may borrow money without obtaining elector assent. The District's financial services staff accordingly have concluded that the District could borrow up to \$ 27.45 million.

The Municipal Liabilities Regulations established by Order of Council No 550 does not require approval of the electors to borrow funds that fall within an "approval free liability zone".

In a recent report to Council District staff stated that, subsequent to a thorough review of the regulations, Financial Services staff has computed that

1) The District's Liability Servicing Limit is \$ 25,467,380. Assuming that all unissued borrowing will be for a 20 year term at a rate of 6% per annum, the District's total borrowing capacity is approximately \$282 million.

2) The District currently has an unused Liability Servicing Capacity of \$ 22,851,181 which would service approximately \$ 253 million of borrowing over a 20 year term at 6% per annum


3) The District's "Assent Free Servicing Capacity" is \$ 2,477,277. This represents the debt servicing payments to service debt that does not require the assent of the electors. This amount would service approximately \$ 27.45 million of debt repayable over a 20- year term at an interest rate of 6% per annum.

The District's calculations of "Liability Service Limits", " Liability Servicing Capacity" and "Liability Servicing Capacity Available" have been confirmed by the Ministry of Community, Aboriginal and Women's Services.

The bottom line is that the District could borrow approximately \$ 27 million over 20 years at a rate of 6 % per annum without receiving the assent of the electors.

The implications for local taxpayers are considerable. If public apathy in local government affairs, as symbolized in the District of North Vancouver by the misuse of the District Heritage Fund, has always been expensive, the enhanced powers extended to local government through the new Community Charter as exemplified by the New Municipal Liabilities Regulations, which allow municipalities to borrow money without seeking the assent of local electors, make it even more advisable to pay attention to local government affairs. The election of a Mayor and Council understanding sound business practices is more important than ever.

On the plus side it opens entirely new avenues for long term community livability enhancement programs. In the District it could widen the options for the financing of community facility programs such as the Lynn Valley Community Center and Library complex, the upgrading of deteriorating recreation facilities or the construction of a badly needed community facility in the Capilano and Norgate area.

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