

Subject: FW:**Date:** Thu, 17 Nov 2005 23:28:18 -0800**From:** "Ernie Crist" <ernie_crist@dnv.org>**To:** <fonvca@fonvca.org>**CC:** "Roger Bassam" <roger@rogerbassam.com>, "Bruce Crowe" <gowithcrowe@telus.net>, "Wayne Hunter" <wayne@waynehunter.ca>, "Sabine Jessen" <sjessen@shaw.ca>, "Karen Klasen" <klasen@shaw.ca>, "Mike Little" <mlittle@westran.ca>, "Doug MacKay-Dunn" <macdunn@uniserve.com>, <maxzahedi@yahoo.com>, <sandy.fleming@telus.net>, <gdiebolt@telus.net>

A MESSAGE FROM ERNIE CRIST

The District of North Vancouver has come under severe criticism over its fiscal policies. Taxes have been rising far above regional average, while public assets including recreation facilities valued at hundreds of millions of dollars have deteriorated almost to the point of no return. Much of the Heritage Fund and Infrastructure Reserve Funds set up in 1984 and 1986 to take care of capital expenditures including maintaining facilities was, AS MANY consider mismanaged. The incumbents have attempted to divert criticism. Denying the allegations, the District sent out a "fact sheet" trying to discredit the allegations which have become the focal point of criticism. The Fund set up in 1986 in 2004 today has only a balance of \$21 million when according to some experts it should have \$ 400 million.

The chart far from clearing the District give credence to the charges.

Instructions given in 1984 were that all proceeds from land sales, land leases and the interest generated by these funds be left to accumulate until it would reach a minim of \$ 150 to 200 million dollars. Instead of paying for capital expenditures from taxes the idea was that they should be covered by generated interests by the Fund.

A closer look at the chart reveals that contrary to original policy it became a revolving Fund instead and everything from nuts and bolts to road repair was paid by accessing the Fund. It became, as one Councillor said, a slush fund more or less. Even replacement batteries were charged against the Fund.

In violation of the Municipal Act, it was even used for road maintenance. But the District managed to circumvent this legal point by calling such expenses road reconstruction, thus inferring that it was a new capital project when in reality it was nothing more then an expenditure which in all other municipalities is paid from taxes.

Today the Fund is a mere \$21 million and even this will be only for a few months until after the election. Even with money used to pay for genuine capital expenditures it should still have a minimum of \$200 million dollars

The only way to determine the exact amount the Fund would have had if it been allowed to accumulate is by adding all income which has gone into the Fund including land sales, land leases and the interest generated by the money invested. Keeping in mind that there was a time when investment income doubled every 7 years, the claim of veteran Councillor Ernie Crist of a \$400 hundred million is entirely believable.

The statistics supplied by the District ignore the income between 1986 and 1990 which may be substantial. It does indicate however, that, in 1996 the Heritage Fund including work in progress, stood at \$ 81 million. In another example the uncommitted balance in 1991 was close to 10.3 million but dropped to less than 3 million in 1992. It stood at \$9.6 million in 1993 but was only \$3.2 million in 1994. In 1996 it was 16 million but dropped to \$ 11.5 million in 1997. It then dropped to \$ 4.6 million in 1998.

The chart is interesting since in 1995/96, the District built the Parkgate Center at a cost of \$ 9 million but for lack of funding had to borrow money in a public referendum. This despite exemplary times in terms of land sales. The bottom line is that the term Heritage is a misnomer. It is not a Heritage Fund but a revolving fund or checking account from which money is used not so much for genuine capital expenditures as it is as a slush Fund more or less to supplement taxes while facilities continue to deteriorate and the District continues to subsidise the City of North Vancouver. They are building the high-rises while the District is building the playing fields and this at a time when taxes in the District are the highest or close to the highest in the region.

All in all, the protests of the incumbents sound hollow. However, they are typical of an entrenched group of politicians acting in unison, more akin to a single party controlled level of government than a genuine democracy.

Ernie Crist

