

Subject: THE EMPEROR'S CLOTHES**Date:** Thu, 3 Nov 2005 10:03:56 -0800**From:** "Ernie Crist" <ernie_crist@dnv.org>**To:** <fonvca@fonvca.org>, "Jaimie Brown" <BrownJ@northvanrec.com>**CC:** "David Dixon" <daviddixon@shaw.ca>, "Dave Sadler" <davesadler@telus.net>, <gdiebolt@telus.net>, <davidfai@istar.ca>, <sandy.fleming@telus.net>, <fstratton@shaw.ca>, "Mike Molson" <formikemolson@aol.com>, <maxzahedi@yahoo.com>, "Roger Bassam" <roger@rogerbassam.com>, "Bruce Crowe" <gowithcrowe@telus.net>, "Robin Hicks" <robinhicks@telus.net>, "Wayne Hunter" <wayne@waynehunter.ca>, "Sabine Jessen" <sjessen@shaw.ca>, "Karen Klasen" <klasen@shaw.ca>, "Mike Little" <mlittle@westran.ca>

> A MESSAGE FROM ERNIE CRIST:

>
 > Where I grew up in the countryside we had a pond originally built to
 > serve as a watering hole for cows. Although the pond was not deep it
 > was only if you looked long and hard that you could see the bottom and
 > that it was muddy. The problem was that as soon as a cow started to
 > drink, the mud rose up within seconds and made the water undrinkable
 > even for cows. Eventually the pond was filled in when even the birds
 > lost interest.

>
 > I recalled this event as I was reading a copy of the District
 > Financial Services of Nov. 1, 2005, when the candidates for the
 > municipal election were given a rundown on the state of finances in
 > the District. So keen was the District to inform the world of the
 > District's version of it's fiscal prowess that when David Sadler, a
 > mayoralty candidate, was quoted in the press that the 2006 tax
 > increase would be over 10 %, District staff immediately issued a press
 > release stating that this was erroneous and that the actual increase
 > would be far less and would be in the neighbourhood of 5 to 6 %, a
 > far cry from the 10% to 11 % claimed by Sadler.

>
 > What the authors of the denial had forgotten is that 2 weeks prior,
 > during an open public budget preview, staff presented a report showing
 > that the tax increase would be 9.1% in 2006, but if we "take Funds
 > already committed for next year's budget, which must be replaced by
 > next year, the tax increases could be reduced to 5.2% in 2006" so it
 > was said. This being an election year this makes sense even to a
 > dummy. It makes total political sense to wait until the elections are
 > over and sock it to the taxpayers with a double dose next year.
 > However, the cat is already out of the bag.

>
 > Wendy Qureshi, a candidate for the upcoming election in the District,
 > was at the meeting when the District announced a 9.1% increases in
 > taxes for 2006. Wendy had already warned the taxpayers in her
 > brilliant ad in the Sunday NEWS on October 30, 2005. I believe it is
 > reasonable to assume that this prompted the District not only to call
 > a meeting of the candidates but also to issue a press release to
 > counter this "bad publicity" and squash those "ugly rumours" making
 > the rounds and not just within District boundaries. Trevor Carolan in
 > his column too had noted that affairs in the District do not smell
 > altogether sweet and that a change of leadership is long overdue. If
 > not, gross incompetence could become "genetic".

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 > The first charts presented to the candidates at this meeting in the
 > District Hall indicate that "the District is in good shape
 > financially". "The AVERAGE TAX RATE INCREASE OVER THE last 11 Years,
 > the report claims, was "3.38% VERSUS an INFLATION RATE OF 2.15 %". It
 > goes on to say "PRESSURE ON Tax Rates has come as we have added
 > assets/services". There is a theory that lies need to be big since
 > people are only suspicious of little lies.

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 > To begin with the listed District tax increases, apart from being
 > totally erroneous, are also irrelevant since we are not talking about
 > projects such as Parkgate which was built many years ago with borrowed

> money despite the huge income from land sales at the time. We are
> talking about the financial situation now. If the purpose of the
> Heritage Fund was to allow it to accumulate until 2005, as was planned
> in 1986, it would have easily reached \$ 400 million by now, enough to
> pay for all capital projects from its generated interest. Even if we
> subtract the cost for genuine capital projects, we are still ahead by
> at least \$ 200 million. It can hardly be argued, therefore, that the
> Heritage Fund has grown because it is now \$21 million which,
> incidentally, is equally misleading.

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> It is, as if General Motors, now facing bankruptcy, would give as
> reason for its coming demise the building of a plant in Oshawa 20
> years ago. Not very convincing, to say the least.

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> It is important to see things in perspective as with the water in the
> cow pond. The same is true of the "Financial Overview presented to the
> Candidates for the upcoming Municipal Elections. The statistics and
> charts are clearly geared to convey the message that the emperor's
> clothes, contrary to rumours, are still beautiful.

>
> The facts are that the average District tax increases over the last 11
> years have NOT been 3.38% as claimed but in the neighbourhood of
> between 8% and 11% per annum. The District has consistently siphoned
> off huge funds from its land sales and land lease proceeds plus its
> Infrastructure Reserve Funds set up in 1984 while the asbestos water
> pipes, supposed to be replaced in 2001, are still in place.

>
Large Funds were used to cover operating expenses, while allowing
District assets including Recreation facilities to deteriorate to the
point where they will soon have to be closed or turned over to the
private sector in a scheme called public/private partnership. The Charts
presented at the meeting remind me of an unsuccessful farmer claiming he
made money even as he sold a piece of his farm each and every year to
remain in business.

> Still the question remains. If the District is in as good a shape as
> is being claimed, why ARE District assets including swimming pools
> with a value NOT of \$140 million as claimed but \$ 500 million and
> maybe as much as one billion \$ been allowed to deteriorate for lack
> of money, as we were told three weeks earlier. Is not the first
> responsibility of a proprietor to protect his assets. If the District
> is in such good shape why do property taxes have to be increased from
> \$ 60 million in 2005 to \$ 66 million in 2006? Why has the planned
> Police Station in Parkgate been deferred year after year. Why was the
> Lynn Valley Library project scaled down from 80,000 to 40,000 square
> feet and why did the District take out yet another loan to complete
> the project. Why is there not enough money to maintain our parks and
> trails. Why, if we are in such good shape, are asbestos water pipes
> that should have been replaced in 2001 still in place and why is there
> serious talk about cutting the level of services in 2006 and beyond.

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> In my opinion, it is because, as I have stated a thousand times in
> public, the District has been mismanaged to a degree which warrants
> and in fact demands the dismissal of the whole District Council at the
> upcoming municipal election on November 19, notwithstanding the charts
> presented at the meeting of candidates in the District Hall.

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> Ernie Crist

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