

Re: Recommended 1975 Money By-law

Following is a report from the Capital Improvement Program Committee regarding a 1975 Money By-law.

RECOMMENDATIONS:

1. THAT Council adopt the principle of submitting to the ratepayers annually as circumstances may indicate, a money by-law to include those projects of most pressing need to the community, the funding for which requires approval of ratepayers, and which projects are capable of completion within a three year period; and
2. THAT a money by-law to cover the projects outlined above in the amount of \$13,500,000 be submitted for a vote of the ratepayers on 15 November 1975; and
3. THAT the Capital Improvement Program Committee be instructed that on consultation with the Parks and Recreation Commission and Library Board staffs, and through them, their Boards, extract from the forthcoming C.I.P. 1975-1980 a program of works listed in order of priority, as determined by the Committee, for submission to Council by 31 December 1975 for possible inclusion in a money by-law in November 1976, and that this process be repeated annually; and
4. THAT the Municipal Treasurer be directed to bring down a report coincidental with the submission of the 1976 annual budget assessing the financial ability of the community to support the proposed by-law.

* * * * *

1 May 1975

TO: MUNICIPAL MANAGER
FROM: CHAIRMAN, C.I.P. COMMITTEE
RE: RECOMMENDED MONEY BY-LAW
15 NOVEMBER 1975

The Capital Improvement Program 1975-1980 is in preparation and will be before Council shortly, although it is quite apparent that it will not be ready in time for passage by 15 May as required by Section 199A of the Municipal Act.

There is no provision in the Municipal Act for extending this date. The matter has been discussed with the Deputy Minister of Municipal Affairs for the Province of B.C. who will, if the opportunity presents itself, seek validation of the by-law under the Municipalities Enabling and Validating Act at the Fall Session of the Legislature.

The reasons for the delay are as follows:

1. In accordance with Section 249(5) of the Municipal Act, no debt other than a debt for temporary borrowing shall be contracted unless it conforms to the capital expenditure program adopted by Council under Section 199A. In other words, if a money by-law is presented to the ratepayers in November of this year, details of it must appear in the capital budget.
2. On 11 June 1974, Council passed the following motion:
"THAT the Director of Planning bring back specific design and recommendation concepts for a FIVE-YEAR (5-year) programme with a THIRTY-MILLION DOLLARS (\$30,000,000) expenditure for a loan authorization by-law to be placed before the electors."

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It has taken a great deal of time and work by staff and a team of consultants to bring down this program. It is the subject of a report by the Planning Director coincidental with this report from the undersigned. There has not been time to cost all of the projects. Eight of the most important projects in the judgment of staff have been selected for immediate consideration and shown in the Planner's report. If undertaken, the works program would take place over the ensuing three years. At 1976 costs, the total is \$18,861,400.

3. The program of works contained in Burnaby Loan Authorization Referendum By-law 1971, By-law No. 6020, is almost complete. As a consequence, the Parks and Recreation Commission has been working on its next referendum. A tentative program totalling \$12,135,600 has been placed before the C.I.P. Committee. It is subject to further revision by the Commission at a meeting to be held 7 May. Indications are that the Commission would like to put this work before the ratepayers in November of this year, although it is quite possible that work on the major projects will not commence until 1977.
4. For some time, the Library Board has been considering the need for a headquarters library and a number of branch libraries. A great deal of work has been done in the planning for these facilities. Indications are that costs will approximate \$5,881,000 at today's prices. The Board is very enthusiastic about these projects and up until a short time ago it appeared that they would be requesting Council to put a by-law to the electorate this year. However, after due consideration and discussions with the Municipal Manager, the Board decided that there was still more work to be done in their planning before making a presentation to Council. Their deliberations will be made known to Council as soon as possible for consideration of a by-law in November 1976.

In addition to the above, we are looking at expenditures of \$1,250,000 in each of the years 1975 and 1976 for storm drainage facilities. After 1976, demand for storm sewers is expected to lessen. A further \$2,000,000 is required to be spent on the sanitary sewer system to complete current programs. This latter sum will not affect our calculations because the sewer system will soon be in the position of paying its own way. Also, there is the local improvement street works program to consider. Demands from the public indicate a program of approximately \$2,000,000 per annum.

The figures shown are rough. No attempt has been made to assess the relative priority of roads, parks, libraries, storm drainage and local improvement street works. However, the figures can be used as an indication of the needs of this community for the purposes of assessing the effect of such a program on the annual operating budget and the tax levy necessary to sustain same.

None of the figures contained herein make allowances for inflation, which currently is at the rate of approximately 12% per annum. Nor do they recognize the fact that there will be some return from the Provincial Government for recreational facilities and from the Federal Government for highway overpasses, and possibly from adjoining municipalities for works of common interest.

Roads will be a continuing program. As soon as the \$18,861,400 is spent the next portion of the program should be embarked upon. With this in mind, the figures above may be expanded to a five year program as follows:

	<u>As shown above</u>	<u>Projected to 5 years</u>
Roads - 3 year program	\$ 18,861,400	\$ 31,435,700
Parks - 5 year program	12,135,600	12,135,600
Library - 5 year program	5,881,000	5,881,000
Drainage - program completed in 2 years	2,500,000	2,500,000
Local improvements - per annum	2,000,000	<u>10,000,000</u>
		<u>\$ 61,952,300</u>

This program averages out at the rate of \$12,390,460 per annum for each of five years. 50% of the debt repayment charges on local improvement borrowings would be chargeable to benefiting owners. The balance of the charges for local improvements and the other items shown would be chargeable to the annual mill rate. The figures shown below assume a borrowing of \$11,000,000 per annum chargeable to the mill rate and \$1,000,000 chargeable to owners benefited by local improvements.

To repay \$1,000,000 @ 10% per annum it is necessary to provide \$117,500 each and every year for twenty years. If a fifteen year repayment period is used, as is the case with local improvements, the amount necessary is \$131,473.

If \$12,000,000 is borrowed in each of the ensuing five years, with \$10,000,000 repayable in twenty years and \$2,000,000 in fifteen years, the following would be the necessary tax levies to repay the debt created:

	<u>General rate</u>	<u>Local improvement rates</u>
1977	\$ 1,305,473	\$ 131,473
1978	2,612,946	262,946
1979	3,916,419	394,419
1980	5,221,892	525,892
1981	6,527,365	657,365

Between the years 1974 and 1975 taxable assessments grew by 3.3%. As assessments were frozen at the 1974 level, this percentage increase may be taken as representing the growth in assessments due to new construction and changes in land use. If this rate of growth persists until 1981, the following is an indication of the mill rates necessary to support existing debt charges plus borrowing as projected. Also shown are the mill rates reflecting the inflationary trend in assessments of the past many years. As will be noted, the rate of increase is slower than is shown in column 3. However, in either instance, the effect on the property owner will be the same as shown in column 4.

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
		Debt mill rate using actual growth assess- ments	% increase over 1975	Debt mill rate using infla- tionary assess- ments	% increase over 1975
1975	\$2,482,834	2.30		2.30	
1976	2,677,180	2.40	4	2.07	(10)
1977	3,982,653	3.46	50	2.77	17.4
1978	5,288,126	4.45	93.4	3.30	43.5
1979	6,593,599	5.37	133.4	3.69	60.4
1980	7,899,072	6.22	170.4	3.97	72.6
1981	9,204,545	7.02	205.2	4.14	80

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Between the years 1975 and 1981 there will be a slight reduction in debt charges due to retirement of debt during this period but insufficient to appreciably alter these figures.

Revenues of the Municipality are not keeping up with demands for services. In 1974 and 1975 this was forcibly brought out in the consideration of the annual budgets and the setting of mill rates. In 1974, expansion of services was curtailed. In 1975, actual reductions in services were found necessary to keep the rate of increase in the mill rate within acceptable levels. If this trend continues in 1976, a careful examination of all Municipal services will become necessary to select those services which should be curtailed further or abandoned completely if Council is to keep the rate of increase of the general tax levy within 15% per annum.

This would appear to be a good argument to support a moratorium on borrowing until such time as our revenue picture improves.

However, the municipality is faced with several severe traffic problems which should be abated as quickly as possible. No doubt there are other capital items of importance that should be taken in hand as quickly as possible so that a compounding effect does not take place. Despite our obvious inability to support a large scale borrowing program, it is believed advisable to obtain authority from the ratepayers this year to undertake the first phase of the program. If this is done and our financial position does not improve, then a moratorium on further borrowing can be made.

In the opinion of the Committee, the two most important road projects are Kensington between Hastings and Sprott, inclusive of an overpass; and Boundary Road, 29th Avenue to Dubois. Also, a start should be made on acquisition of land and the design work involved on six other routes.

The Parks and Recreation Commission has indicated that construction on their major projects is planned for 1977. Therefore, there is no need for a fund authorization in 1975 for this purpose. However, funds will be needed for the design work preparatory to the projects. Additionally, the acquisition of parks sites is necessary. The Commission places a high priority on site acquisition, so much so that in 1975 they cut operating and programming costs in an effort to save the \$400,000 provision in the annual budget for this purpose. Their proposed money by-law contains the sum of \$3,188,000 for land acquisitions in an effort to conserve tax dollars for operating purposes.

The Library Board has indicated that they are not sufficiently prepared to come forward with recommendations for inclusion in a money by-law this year.

In the past, it has been the practise to bring down a money by-law for parks for five year periods. There have been two such by-laws.

The only other money by-law voted on by the ratepayers for Municipal projects in the last many years was for sewers in 1960. Authority to borrow for the Municipal projects undertaken, other than for parks, has been through Section 253 of the Municipal Act - storm and sanitary sewers - and by authority of the Provincial Government relative to waterworks programs and in one instance special Provincial legislation and, of course, by the local improvement procedures.

As will be seen from the Planner's report, the major road traffic problems of the community will take millions of dollars and many years to resolve. The local improvement procedures are not suitable for financing this program. It is apparent, too, that with continued growth in population the demand for parks, recreation and other facilities will continue to grow.

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It is the opinion of your Committee that the placing before the ratepayers of separate five year programs for special interests such as roads, parks or libraries, either together or a year apart, is not appropriate. Programs passed in this fashion tend to take precedence in the draw on tax dollars to support the debt so created. Also, it offers no opportunity of assessing priority between the several types of projects.

Under the circumstances, it is recommended that Council consider each year the assembling of its top priority projects of all classifications requiring long term financing, into one by-law for approval. The projects selected should be capable of being completed within three years of the passage of the by-law.

It could very well be that Council would be faced with a money by-law every year - but such a by-law would be for projects assessed in priority with each other and considered by Council, the several Boards and staff as being capital projects of the most pressing need to the community.

In summary:

1. Council is faced with many millions of dollars in capital expenditures for major roads, parks, libraries, storm drainage, sanitary sewers, and local improvement roads and lighting, the financing of which would be from borrowed funds.
2. Indications are that the total of these programs will range in the neighbourhood of \$12,000,000 per annum for each and every year for many years to come.
3. Present sources of Municipal revenues will not support such a program.
4. Nevertheless, two major road projects should, if it is at all possible, be undertaken in the early future and land for other road and park projects be acquired, and at the same time relieve the annual budget of the necessity of providing funds for same.

Therefore, it is the recommendation of your Committee that a by-law be prepared for submission to the electorate on 15 November 1975 to include the following:

Kensington Avenue, Hastings to Sprott	\$ 5,400,000
Boundary Road, 29th Avenue to Dubois	3,043,600
Plus land acquisitions for the balance of the projects	967,800
Design costs for the balance of the works	330,050
Parks land acquisitions	3,188,400
Parks design fees	381,600
Contingency	188,550
	<u>\$13,500,000</u>

In addition to the inclusion of the program in the Capital Budget to be adopted by by-law pursuant to Section 199A of the Municipal Act which should take place as close as possible to 15 May 1975, first reading of the money by-law should take place on or about 9 September 1975 if the necessary approvals and other formalities are to be obtained in time for polling day 15 November 1975.

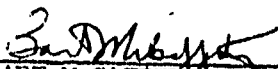
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CAPITAL IMPROVEMENT PROGRAM COMMITTEE

Dennis Gaunt	Parks & Recreation Administrator
E. E. Olson	Municipal Engineer
A. L. Parr	Director of Planning


 BART McCAFFERTY, MUNICIPAL TREASURER, CHAIRMAN

BM: gw