

ITEM	45
MANAGER'S REPORT NO.	48
COUNCIL MEETING	July 19/76

258

Roads

Kensington - Hastings to Sprott	\$8,712,720	
Boundary Road - Kingsway to Dubois & 29th to Thurston	3,524,850	
Sprott - Canada Way to Norland	<u>248,050</u>	\$12,485,620

Parks

Burrard Inlet Marine Park	300,000	
Fraser River Marine Foreshore Park	135,012	
Kensington indoor swimming pool	1,847,610	
Six playground buildings	443,755	
Harwood playground	79,328	
Deer Lake playground	102,088	
Oakalla Town Park	133,100	
Burnaby Lake Tennis Courts	55,000	
Land acquisition	<u>1,750,000</u>	4,845,893

Library - main branch

4,807,526

22,139,039

Deduct possible grants:

C.T.C. & B.N.R.R. re Kensington	2,716,340	
Vancouver City re Boundary Road	1,086,800	
Community Recreation Grant - Parks	700,760	
Community Recreation Grant - Library	333,333	
Library Development Commission - furnishing grant	<u>342,000</u>	5,179,233

16,959,806

Add provision for discount on sale of debentures

540,194

\$17,500,000

On 10 May 1976, Council adopted a further recommendation of the Committee that the improvement of Boundary Road from 29th Avenue to Thurston Street and from Kingsway to Dubois be not considered for inclusion in a loan authorization by-law until all necessary agreements with the City of Vancouver have been reached and that, in any event, inclusion of this work in a loan authorization by-law be deferred until 1977. Removal of the project from the by-law would reduce the total sum to be borrowed from \$17,500,000 to \$14,958,000 subject to refinement of estimates that might occur prior to submission of the by-law.

B. THE POSITIONS TAKEN BY THE LIBRARY BOARD AND THE PARKS & RECREATION COMMISSION

On 25 March 1976, the Library Board interviewed the members of the Capital Improvement Program Committee. The Committee outlined the capital requirements of the Municipality and explained the Municipality's financial position. On 7 May 1976, the Chairman of the Board advised Council:

"THAT the Library Board participate in the preparation of a composite loan authorization by-law covering the municipal program for presentation to the voters in November 1976."

THAT the Library Board consider a phased construction program for the library system whereby the main branch library is constructed in the first by-law stage and that subsequent by-laws for the construction of branch libraries be considered on a two year basis.

Work is proceeding with the architect so that working drawings may be developed to the stage where accurate cost estimates can be made. These estimates will be conveyed to Council at a later date together with additional information concerning the Library Board's revisions to its building program with especial regard to the forthcoming by-law."

ITEM	45
MANAGER'S REPORT NO.	48
COUNCIL MEETING	July 19/76

On 7 July 1976, members of the Parks & Recreation Commission appeared before Council and presented the following program for consideration of Council for presentation to the electors on 20 November 1976:

	<u>1977</u> \$	<u>1978</u> \$	<u>1979</u> \$	<u>1980</u> \$	<u>1981</u> \$	<u>Total</u> \$
East Burnaby Community Facility	1,000,000					1,000,000
Confederation Park Indoor Pool, Fieldhouse & Playground Facility		1,754,500				1,754,500
Bonsor Rink			1,996,500			1,996,500
Miscellaneous Facilities Complete in each year	331,206	386,196		258,160		975,562
Burrard Marine Park	246,482	198,019	33,800			478,301
Fraser River Park	40,913	30,000	133,546	50,000	50,000	304,459
Oakalla	50,000	50,000	50,000	50,000	50,000	250,000
Land acquisition	1,000,000	700,000	700,000	700,000	700,000	3,800,000
Trail development	100,000	50,000	50,000	50,000		250,000
Total	2,768,601	3,168,715	2,963,846	1,108,160	800,000	10,809,322
Discount & expenses on sale of debentures	83,058	95,061	88,915	33,245	23,399	323,678
	<u>2,851,659</u>	<u>3,263,776</u>	<u>3,052,761</u>	<u>1,141,405</u>	<u>823,399</u>	<u>11,133,000</u>

The sums shown for discount and expenses on the sale of debentures have been included by the Municipal Treasurer. Other than this, the C.I.P. Committee has had no input in the deliberations of the Commission and has not been asked to appear before them.

The written presentation from the Referendum Committee of the Commission as presented to Council gave an explanation of several projects in the program but not of the rationale for the recommendation "THAT the Commission endorse the Committee's recommendation to go for a Five-Year \$10-\$12 Million By-law independent of a Roads and Library By-law." This rationale was given Council orally. We believe it fair to say that in making their presentation, the Commission is following a practice that has proven very successful in the past, i.e. the placing of a five year referendum before the ratepayers, a referendum that comprises a parks and recreation program only. In their view, there is no reason why this successful course of action should not continue. But, of course, as this report will show, the Commission is not alone in its need for capital funds requiring the approval of a loan authorization by-law and that only by co-operation will the capital needs of the community be met.

ITEM	45
MANAGER'S REPORT NO.	48
COUNCIL MEETING	July 19/76

C. AN OUTLINE OF THE POINTS TO BE CONSIDERED BEFORE A RECOMMENDATION FOR A MONEY BY-LAW OR BY-LAWS MAY BE MADE

260

Briefly put, approval by the electorate has only been necessary for parks and recreation projects in the interval 1961 to 1974. There were two such by-laws, 1961 and 1971. All other borrowings, and they were considerable, were authorized by means other than a vote of the electorate. In 1975 for the first time there appeared before Council another series of projects requiring long term financing approved by the electorate, a program of large dollar value, a program that will continue many years in the future. This program comprises major roads. Now, we have a third program - libraries, not quite so costly but also long term in nature. Undoubtedly, as our population grows and the community ages, further projects, quite different from parks/recreation, roads and libraries, will present themselves and require borrowing approval by the electors.

The position Burnaby finds itself in must be understood before a decision may be made on the request of the Parks & Recreation Commission that a five year by-law for \$11,133,000 be placed before the electors on 20 November. To assist Council in coming to this understanding, the balance of this report has been formulated in sections, each of which will deal with a separate topic, a summary of which follows.

In part D hereof appears an outline of the borrowing programs that have taken place. Its purpose is to show the many programs for which money has been borrowed and will continue to be borrowed, and to explain why by-laws for parks and recreation have been the only by-laws requiring a vote of the electorate since 1960.

Part E outlines the advantages and disadvantages of placing separate by-laws for five year periods before the electorate.

Part F outlines the advantages and disadvantages of placing two year composite by-laws before the electorate.

Part G outlines and comments on the recommended program to be included in a two year composite by-law for submission to the electorate 20 November 1976.

Part H outlines the effect of Council's recent decision in holding aldermanic elections at two year intervals on two year by-laws.

Part I outlines the probable cost of the recommended by-law over the ensuing years.

Part J outlines our conclusions and recommendations,

D. BORROWING PROGRAMS THAT HAVE TAKEN PLACE SINCE 1958

Waterworks construction By-law No. 4006 passed 15 December 1958, was the last waterworks by-law requiring a direct vote of the electorate for passage. Subsequently, a special drill was established in the Municipal Act whereby if certain conditions are met, approval of a by-law may be obtained without a direct vote of the electorate. In 1959 and 1966, borrowing by-laws were passed under this new legislation to supplement moneys generated from water rates. Since 1966, the money generated from this system has been sufficient to meet the capital requirements of the system. Roughly \$6,100,000 in capital is expected to be spent over the current and ensuing five years.

On 7 May 1960, a favourable vote of the electorate was obtained on a by-law made possible by special legislation obtained from the Province which had the effect of creating a utility form of operation of the sanitary sewerage system and it authorized the borrowing of seven million dollars for construction purposes. In 1963, by further legislative action, \$6,500,000 was borrowed without need of a vote of the electorate. Subsequently, the Municipal Act was amended to apply the special conditions re money by-laws for waterworks purposes to apply to borrowings for sanitary and storm drainage systems. By-laws passed from time to time by virtue of this change in the Act have produced the funds necessary for the continued expansion of the system. Roughly \$4,700,000 is expected to be spent over the current and ensuing five years, all of which must be borrowed.

The local improvement sections of the Municipal Act have been used extensively to bring to finished standards the residential and collector street systems of the Municipality. It has also been used extensively to improve the street lighting systems. Individual programs must be approved by affected owners. The funds must be borrowed. Roughly \$18,000,000 is expected to be spent over the current and ensuing five years.

Initially, the local improvement street works referred to also provided storm drainage to large areas of the community as did funds specially provided out of the 1960 sanitary sewer by-law and funds obtained from general revenue. Subsequently, it became possible to borrow money for storm drainage by use of the special sections of the Municipal Act already referred to and this process continues. Roughly \$16,200,000 is expected to be spent over the current and ensuing five years.

There was a Parks & Recreation referendum for \$1,500,000 passed 18 December 1961, and a further \$5,700,000 passed on 27 November 1971. These have been supplemented by appropriations from annual budgets, by contributions from senior governments or other sources, and supplemented by borrowings under special Provincial legislation from the Federal Government. Until legislation otherwise indicates, this method of financing should continue in a form to be modified as discussed below.

All other capital programs since 1958 have been financed by appropriations from annual budgets, contributions from senior governments or other sources, tax sale moneys, borrowings by authority of special legislation for Burnaby and by authority of special Provincial legislation from the Federal Government.

Other than parks/recreation, roads and libraries, some \$38,900,000 is expected to be borrowed for sanitary sewers, storm sewers, and local improvements during the current and ensuing five year period (i.e. six year period).

As has been shown, since 1960 only Parks & Recreation by-laws have required approval by vote of the electors.

E. THE ADVANTAGES AND DISADVANTAGES OF PLACING SEPARATE BY-LAWS FOR FIVE YEAR PERIODS BEFORE THE ELECTORATE

The advantage of placing a five year by-law before the electorate is that it tends to assure funds for a continuous program of works without a break. A break will only occur if bonds cannot be sold, or some other financial circumstance indicates that a temporary cessation of the program should occur.

Borrowing by-laws for the latter three occur annually. Because of the size of the projects involved, annual by-laws for parks/recreation, libraries and roads do not seem practical. A minimum of two years is required.

In a two year by-law it should be possible to forecast inflationary trends with reasonable accuracy. It should also be possible to confirm possible grants from other governments and from other sources, thereby making it possible to place a by-law before the electorate that will be reasonable in size.

For a two year period, we may be able to determine whether or not the annual budget can pay for such a program and if we are not successful, we won't be locked in for any more than two years.

The recommendation of your Committee is that composite rather than separate by-laws for each purpose be used. There is no great evidence that parks/recreation by-laws are preferred over roads by-laws, or vice versa. We have before us a long term program of works (parks/recreation, roads and libraries) which may only be financed by borrowing approved by the electorate. The variety of works requiring financing in this fashion may be added to at any time as circumstances warrant.

A reasonably sized by-law containing a variety of works should be placed before the electors every two years. After the first one, the electors will see the results of the by-law and should be prepared for the next one. This process should be repeated as often as it is necessary, which at the moment appears to be a great many times in the future.

A composite by-law will remove competition at the polls which otherwise may apply if separate by-laws are put.

The only disadvantage of a composite by-law that we can see is that it will not guarantee a continuing flow of money. There may be years when a vote will not be favourable, in which case dollars must be found elsewhere to carry out one or two most essential projects, if need be, and the balance held in abeyance for another two years.

G. RECOMMENDED PROGRAM FOR A TWO YEAR COMPOSITE BY-LAW FOR SUBMISSION TO THE ELECTORATE 20 NOVEMBER 1976

The first two years of our long range capital program as recommended by staff in the case of roads, and by the Parks & Recreation Commission and Library Board in the case of parks and recreation facilities and libraries is as follows:

Roads

Kensington - Hastings to Sprott	\$8,712,720	
Sprott - Canada Way to Norland	<u>248,050</u>	\$8,960,770

Parks

East Burnaby Community Facility	1,000,000	
Confederation Park indoor pool, fieldhouse & playground facility	1,754,500	
Miscellaneous facilities	777,402	
Burrard Marine Park	444,501	
Fraser River Park	70,913	
Oakalla	100,000	
Land acquisition	1,700,000	
Trail development	<u>150,000</u>	5,937,316
		14,898,086

ITEM	45
MANAGER'S REPORT NO.	48
COUNCIL MEETING	July 19/76

Brought forward		\$14,898,086	264
<u>Libraries</u> - main branch			
Site acquisition	175,000		
Design fees	329,365		
Construction	4,401,540		
Furnishings	440,154	5,346,059	
		20,244,145	
Deduct possible grants:			
C.T.C. & B.N.R.R. re Kensington	2,716,340		
Community Recreation Grant - Parks	905,800		
Community Recreation Grant - Library	333,333		
Library Development Commission - furnishing grant	414,000	4,369,473	
		15,874,672	
Add provision for discount and expenses on sale of bonds		485,328	
		<u>\$16,360,000</u>	

This is a departure from the C.I.P. Committee's presentation of 15 March 1976 in that Boundary Road has been deleted as already referred to in this report, the Library Board has refined its estimate somewhat and the Parks & Recreation Commission has thoroughly reviewed and altered as required their portion of this program.

This is \$1,140,000 less than the program submitted 15 March 1976. It requires further refining in estimating and if the program is approved by Council, the necessary steps to affirm the anticipated grants must be taken. We have anticipated that if Council approves the concept of a composite by-law, the Parks & Recreation Commission's portion would include the first two years of their program as shown on page 3 hereof and which is part of their long range program.

H. THE EFFECT OF COUNCIL'S RECENT DECISION ON HOLDING ALDERMANIC ELECTIONS AT TWO YEAR INTERVALS MAY HAVE ON A TWO YEAR BY-LAW

The recently announced change in election procedures will have an effect on our by-law scheduling. There will be an election held in November 1976 and November 1977, none in 1978, one in November 1979, and every two years thereafter.

The by-law under consideration is for two years - 1977 and 1978. If a continuing program of works is to occur, a vote on a further two years should take place in November 1978, an off election year. Consideration might be given to holding by-law elections in off years, as experience in many cities shows that attention of the electorate is concentrated on such by-laws and not some other issues, as often is the case when by-laws are voted on in aldermanic years.

However, an off year election is expensive and Council may wish to hold by-law votes only in Council election years, in which case there are two alternatives:

1. Stretch the two year program into three years, and have a two year program every second year thereafter, or
2. Consider a three year program in 1976 and a two year program every second year thereafter. Such a three year program might be:

ITEM	45
MANAGER'S REPORT NO.	48
COUNCIL MEETING	July 19/76

Roads

Kensington - Sprott, as shown on page 2 hereof	\$8,960,770	
Gilley alternate	5,370,300	
Moscrop/Percival from Wayburne to Canada Way	<u>2,874,970</u>	\$17,206,040

Parks

1977 as shown on page 3 hereof	2,768,601	
1978 as shown on page 3 hereof	3,168,715	
1979 as shown on page 3 hereof	<u>2,963,846</u>	8,901,162

Libraries

The 1977-1978 program as shown on page 8 hereof	5,346,059	
Cameron branch	<u>1,167,383</u>	<u>6,513,442</u>
		32,620,644
Less possible grants first two years only		<u>4,369,473</u>
		28,251,171
Add provision for discount and expenses on sale of debentures		<u>848,829</u>
		<u>\$29,100,000</u>

The two year program outlined on page 8 totals \$16,360,000. A three year program as shown above totals \$29,100,000, or \$12,740,000 greater. In the opinion of the Committee, it is essential that voters' acceptance of two year programs be received. To place large sums before them at the onset is to risk failure. Therefore, your Committee recommends that a two year program for \$16,360,000 be placed before the electorate and that on a successful vote, the program be stretched to three years.

I. AN OUTLINE OF THE PROBABLE COST OF THE RECOMMENDED BY-LAW OVER THE ENSUING YEARS

The next step in this process is to determine the tax load the new by-law would create.

Future rates of inflation are unpredictable. Rather than attempt a forecast on this basis it would be better to take the 1976 assessment and increase it annually by the average annual growth in construction experienced over the past five years - approximately 4% per annum. Taxable assessments projected in such a fashion would be:

1976	\$1,128,000
1977	1,173,000
1978	1,220,000
1979	1,269,000
1980	1,320,000

The amount of borrowing proposed is \$16,360,000. Suppose \$8,180,000 is borrowed in each of the years 1977 and 1978. Tax levies required to repay this debt may be calculated as follows, assuming an interest rate of 9½%:

1977	\$ 388,550
1978	1,316,139
1979 to 1996	1,856,475 each year
1997	1,467,928
1998	539,739

For the first four years after passage of the by-law in 1976, the annual debt charges and facility maintenance, operating and programming costs, together with tax levies required to pay for them, would be:

	<u>Debt charges</u> \$	<u>Estimated operation costs</u> \$	<u>Total</u> \$	<u>Mills</u>
1977	388,550	55,000	443,550	.378 mills
1978	1,316,739	125,000	1,441,739	1.182 mills
1979	1,856,478	690,626	2,547,104	2.007 mills
1980	1,856,478	846,189	2,702,667	2.047 mills

The median home shown on page XI of the 1976 Annual budget has a taxable assessment of \$20,965. The above rates applied to this assessment show tax increases over the year previous as follows:

1977	\$ 7.92
1978	38.16
1979	41.49
1980	41.51

On the median property referred to, mill rate levies, all purposes special rates for water and sewer after application of the Provincial Home-Owner Grant increased over the previous year by:

1974	\$60.45	14.87%
1975	63.41	13.58%
1976	65.43	12.34%

The 1976 taxes, after application of the Provincial Home-Owner Grant, amounted to \$595.66 - 46.6% greater than in 1973, an average of 13.5% per annum compounded.

If we project this pattern into the future, we may get the following:

	<u>Add debt charges per above</u>	<u>Total</u>	<u>Increase over previous year</u>
1976	\$595.66	Nil	\$595.66
1977	676.07	7.92	683.99
1978	767.33	38.16	805.49
1979	870.92	41.49	912.41
1980	988.49	41.51	1,030.00
			12.9%

This assumes Provincial Home-Owner Grant and Provincial Government assistance continues to increase at the levels of the past and, of course, that inflation continues to be with us at much the same levels as in the immediate past.

From this it may be concluded that when consideration is being given to the creation of new debt, the growth pattern of the whole Municipal tax structure must be examined rather than just the tax charges on the debt to be created.

This is not a very happy picture. It may be brightened next year, as it has brightened in the past, by the infusion of large amounts of Provincial assistance.

J. CONCLUSIONS AND RECOMMENDATIONS

We have three large programs of works before us. It is quite obvious that the practice of the past of putting five year single purpose by-laws to the electorate is totally impractical. It will only be by co-operation of all concerned that a reasonable start can be made on each of them. The most practical approach is to place a two year program before the electors on 20 November and a further one in 1979 and every two years thereafter. The first by-law should be stretched to three years or, alternatively, the works may be constructed in the first two and in the third year, no work undertaken. At the same time, a close watch must be taken of our economy to ensure that debt charges that may be incurred can safely be taken on.


If Council determines that this by-law is to be placed before the electors this year, the first three readings of the referendum should take place on 13 September to permit time enough to carry out the necessary procedures before the date of the election.

RECOMMENDATIONS

1. THAT the program of works totalling \$16,360,000 outlined on page 8 be considered by Council for inclusion in a composite referendum for submission to the electors on 20 November 1976; and
2. THAT all concerned be instructed to firm up estimates and take the steps necessary to assure the receipt of the grants shown in the program; and
3. THAT, subject to the economic situation prevailing in the Municipality in the year 1979, a further composite referendum be considered for submission to the electors in November of that year; and
4. THAT the Parks & Recreation Commission and the Library Board be advised of Council's decision.

CAPITAL IMPROVEMENT PROGRAM COMMITTEE

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


Per: BART McCAFFERTY, CHAIRMAN

BM:gv