

REPORT
Regular Council Meeting
1983 June 20

June 15, 1983

TO: Mayor and Members of Council

FROM: Alderman Victor V. Stusiak

FILE: 1763

SUBJECT: A.L.R.T. Development and Cost Implication

In a report to Council dated November 8, 1982 I expressed concerns about the lack of financial documentation for the A.L.R.T. project.

A copy of the report is attached. Council accepted the recommendation contained therein.

Some 7 months later we are still waiting for the financial information in some standard recognized report form.

The magnitude of the monies involved both for the cost of the project and the ongoing operational cost justifies a need to know all the details of this project. These are public monies being expended.

The delay in responding to our request has raised considerable apprehension on my part as to cost implications of the project.

A further complication arises as a result of the application for rezoning at four A.L.R.T. station locations in Burnaby. In the rezoning process it should not be the concern of a Council member to deal with other than land use. The ownership of the proposed rezoning or the financial viability is not part of the land use consideration.

In the case of rezoning for A.L.R.T. stations there is the distinct possibility that as a result of the project being built the Burnaby taxpayer will be taxed for an ongoing operating subsidy.

In this case a member of Council is responsible for the rezoning on land use criteria, but could also, by accepting the project be providing tacit approval although silent approval of a tax to be applied at a later date.

The impending rezonings and my ongoing concerns about the cost of this project and the lack of total financial disclosure have contributed to a need by me to try to forecast financial results.

:- AGENDA 1983 JUNE 20

:- COPY - MANAGER

- DIRECTOR FINANCE

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In preparation of the conclusions the following assumptions were used:

- That the A.L.R.T. will be integrated into the present public transit system.
- The present bus systems move approximately 90 million passengers per year.
- The present total cost of the transit system is \$190 million dollars.
- The present cost of the transit system is shared by
 - 35% fare box
 - 20% gas & hydro tax
 - 45% Prov. Gov't
- The income for present fare revenue is assumed at .75 cents per user.
- The population of GVRD is assumed at 1,200,000.
- The tax levy for general purpose collected in the GVRD for 1982 was \$364 million.
- The tax levy in Burnaby for 1982 was \$43.5 million.
- The estimated number of additional new riders contributed by A.L.R.T. will be 15 million persons per year.
- The estimated capital cost debt load will be \$750 million.
- The estimated annual operating cost for A.L.R.T. inclusive of debt financing will be \$130-160 million. \$130 million is used for best results.
- That future fares would be the same throughout the system. The present 1983 .75 cents per user is used. This is consistent with my total costs which are assumed at 1982-1983 levels.

All information below is on annual period:

<u>Present Situation</u> 1982-1983	
Riders	90 million
Cost	\$190 million
Revenue	
Fare box 90 x 75	\$ 67.5 million
Gas & Hydro Levy 190 x .20%	38.0 million
Provincial Gov't	84.5 million
Total	<u>\$190.0 million</u>

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Forecast 1986 Including A.L.R.T.

Riders Bus System	\$90 million
Riders A.L.R.T. System	15 million
Total	<u>\$105 million</u>
Cost	
Bus System	\$190 million
A.L.R.T.	130 million
Total Annual	<u>\$320 million</u>
Revenue	
Fare box bus 90 x .75	\$67.5 million
Fare box ALRT 15 x .75	11.3 million
Gas & Hydro Levy	38.0 million
Prov. Gov't present contribution	84.5 million
Total	<u>\$201.3 million</u>
Amount of short fall to be funded	\$118.7 million
Total	<u>320. million</u>
<u>Ratios</u>	
- As per capita cost	\$99 dollars
- As % of total G.V.R.D. Tax Levy	32.7%
- Estimated Burnaby portion if short fall funded by property tax	14.4 million
- If applied to Burnaby as per capita charge	13.5 million

There are variations that can be applied by utilizing different assumptions.

What seems to be certain is that an additional \$100 + million of subsidy will be required each year.

The only possible reduction of that figure would be if the senior levels of gov't assumed the debt load.

In any event it is my belief that full and total financial disclosure must be provided by the authority that has jurisdiction. More specifically the Provincial Government.

Pending this disclosure and some clear understanding as to the financial impact on the Burnaby taxpayer I wish to advise members of Council that my vote shall be negative as to the rezoning of the four stations for A.L.R.T. in Burnaby.

Respectfully submitted,

Victor V. Stusiak



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For my information and for information of council I request that B.C. Transit submit answers to the format and notes as contained in this report. More specifically to Exhibits A-B-C-D-E.

Therefore I would recommend and ask for council support of the following resolution:

That a new recommendation #4 be added to the three recommendations shown on page 131, item 7 Manager Report #62 Council Meeting 1982-11-08 which would read.

That B.C. Transit respond to and answer those items shown as Exhibits A-B-C-D-E.

Attachment

VVS/cdr

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Pro Forma Balance Sheet
 A.L.R.T. As At Starting Day
 Full Line Service

Exhibit A

Assets

<u>Current</u>	
Cash	\$ _____
Accounts Receivable	_____
Inventories	_____
Agreements Receivable	_____
Other	_____
Other	_____
Total Current Assets	_____

<u>Fixed</u>	<u>Cost</u>	<u>Depreciation</u>
Land	_____	_____
Buildings	_____	_____
Structures	_____	_____
Rolling Stock	_____	_____
Machinery & Equipment	_____	_____
Automotive	_____	_____
Other	_____	_____

<u>Other</u>	
Other	_____
Other	_____
Total Assets	\$ _____

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Pro Forma Balance Sheet
A.L.R.T. as at Starting Day
Full Line Service

Exhibit B

Liabilities

<u>Current</u>	
Bank Loan	\$ _____
Accounts Payable	_____
Other	_____
Current Portion of Long Term Liabilities	_____
Total	_____
<u>Long Term</u>	
Loans	_____
Other Liabilities	_____
Less Current Portion	_____
Total	_____
Capital Stock Shares or Equity	
Surplus (Deficit)	_____
Total	\$ _____

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Estimated Statement of Earnings For Year One Of A.L.R.T. Full Line Service		Exhibit C
<u>Revenue</u>		
Fare Box Intake		\$ _____
Prov. Gov't Contribution		_____
Local Gov't Contribution		_____
Special Levies		_____
Other		_____
Total Revenue		_____
<u>Expenses</u>		
Operations Costs		_____
Wages & Benefits		_____
Repairs and Maintenance		_____
Utilities		_____
Rent & Property Taxes		_____
Supplies		_____
Other		_____
Other		_____
Total Operations Expense		_____
<u>General and Administration Expenses</u>		
Management Salaries & Benefits		_____
Engineering & Design Salaries		_____
Rent and Taxes		_____
Insurance		_____
Professional Fees Legal & Audit & Other		_____
Utilities and Data Processing		_____
Fleet Vehicle Expenses		_____
Bank Interest - Operations		_____
Other		_____
Other		_____
Total		_____
Depreciation		_____
Finance Cost Long Term Debt		_____
Net Income (loss)		\$ _____

Notes to
Preparation of Details to
Exhibits A-B-C

Exhibit D

1. When preparing list of assets to Exhibit A it would be desirable to know how many dollars of interest charges during construction would be capitalized.
2. Exhibit B As much as possible a detailed list of long term loans by amount and to what agencies the debt is owed to.
3. Fare Box Revenue Exhibit C. Please show the following detail:
 - a) West bound. Transit user intake and off load at each station with a total revenue intake west bound.
 - b) This to be by each hour daily for full week to show totals for working days and weekends.
 - c) This to be multiplied by 52 weeks to show annual totals.
 - d) Reverse procedure for east bound direction.
4. Provincial court contribution should show amounts and schedule of payments, same for local governments.
5. Special Levies should be identified by type and estimated revenue.
6. Operational Costs to Exhibit C. Should show some detail as to the following:
 - Estimate number of operating personnel and whether this will include operators to running units.
 - Approximate number of admin. personnel.
 - Approximate number of maintenance personnel.
 - Approximate number of other head office personnel.

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General Information Requested

Exhibit E

With consideration as to the origin and destination of the transit user of A.L.R.T. the following information should be provided.

1. The present number of daily public transit users going from New Westminster to Vancouver and return. What the estimated number would be at time of start of A.L.R.T.
2. The number of buses presently utilized to move these transit users.
3. The population shadow $\frac{1}{4}$ miles from A.L.R.T. over distance of line. This estimated population should be estimated as to
 - a) Adult
 - b) Non Adult
 - c) Worker
 - d) Probable number of users of A.L.R.T.
4. The estimated number of bus connects that will be required at each station.
5. Will the bus fare be shared with A.L.R.T. if so what will be the revenue split.