

ITEM 9
 MANAGER'S REPORT NO. 66
 COUNCIL MEETING 84/10/22

RE: PRIVATE PROPERTIES WITHIN BOUNDARIES OF
BARNET MARINE PARK

MUNICIPAL MANAGER'S RECOMMENDATION:

1. THAT the recommendation of the Director Finance
 be adopted.

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TO: MUNICIPAL MANAGER
 FROM: DIRECTOR FINANCE
 RE: PRIVATE PROPERTIES WITHIN BOUNDARIES
 OF BARNET MARINE PARK

1984 October 16
 File: R30

RECOMMENDATION

1. THAT \$500,000 not be transferred from the Corporate Land Sales account or Tax Tale Lands account to be placed in the Texaco and Allied Chemicals Land Reserve Fund.

REPORT

BACKGROUND

Following a report on the subject matter presented to Council by Ald. Stusiak on 1984 September 17, Council adopted a motion that said in part:

"That staff report on the feasibility and desirability of taking \$500,000 from the Corporate Land Sales account or Tax Sale Lands account to be placed in the Texaco and Allied Chemicals Land Reserve Fund."

This report examines the effect of this initial contribution and lesser amounts on the proposed reserve balances, and makes other comments related to the proposed reserve.

EFFECT OF INITIAL CONTRIBUTION

Ald. Stusiak's report included Exhibit "A" (attached to this report for convenience) which showed the growth in the reserve balances by year when funding was based on 75% of the general tax levy of the Texaco and Allied Chemicals properties of the previous year. That table indicated that it would take 20 years to accumulate 75% of the projected market value assessment.

If additional initial funding of \$100,000 to \$500,000 in multiples of \$100,000 were injected, and the same assumptions contained in Ald. Stusiak's report were used, the time it would take to accumulate 75% of the projected market value assessment is as follows:

Additional Injection of Funds	Years to Accumulate 75% of Market Value Assessment
\$ 100,000	17 years
200,000	15 years
300,000	13 years
400,000	11 years
500,000	9 years

For example, if 15 years was an appropriate time in which to accumulate 75% of the funds, then an injection of \$200,000 from the Tax Sale Reserve would be appropriate.

Exhibit "B" attached shows the calculation for an initial injection of \$200,000. Similar calculations were used to arrive at the other number of years.

PRIORITY OF FUNDS

The Corporate Land Sales account and the Tax Sale Lands account are normally used to fund Land Assembly and Development costs. The reserves can, however, be used to finance any other capital expenditures; therefore the desirability and priority of using these reserves relative to other capital needs should be carefully considered. The 1984-1988 capital budget identified \$33.3 million in works programmed during the next five years for which the source of funding was unknown. The major portion of this work will be financed from our existing Capital Works Financing Fund but our projections indicate that there will not be enough money in the Capital Works Financing Fund to do all of the work. In addition to other revenue sources which may be available, such as Revenue Sharing grants, and external borrowing, it might prove prudent to use the Corporate Lands or the Tax Sale Lands reserve funds to finance the works.

REPAYMENT OF FUNDS ADVANCED

Our existing policy is to repay advances made from our reserves from general revenue over ten years at prevailing interest rates. This is to ensure that our reserves are not depleted and that funds will be available to finance needed future capital works. At a 10% interest rate, the annual tax draw needed to repay a loan over ten years would be \$16,250 for each \$100,000 advanced; or \$81,250 (5 X \$16,250) annually if \$500,000 were advanced. However, the policy could be altered, whereby any amount advanced to establish a reserve for the Barnet Marine Park land acquisition would be non-repayable.

MINISTERIAL APPROVAL

To remove funds from either the Corporate Land Sales account or the Tax Sale Lands account requires a by-law approved by two-thirds of the members of Council. The by-law requires the approval of the Minister of Municipal Affairs. In the future, when the funds are needed to pay for the land acquisition, another by-law would need to be passed, which would again require the approval of the Minister of Municipal Affairs. At either stage, the Minister can request that the by-law receive the assent of the electors. The Minister's approval is not needed to place an amount into the reserve account annually as proposed by Ald. Stusiak.

STATUS OF LEASE

According to the Director Planning & Building Inspection, the lease between Texaco and Johnston Terminals has not been finalized. However, Texaco and Johnston Terminals have executed an agreement giving Johnston Terminals a firm option to lease the property. The proposed lease is for a ten year period, with Johnston Terminals having three five-year renewal options. Texaco will retain the right to re-enter the property, i.e. not renew the lease at the end of the 11th year, and on the date of commencement of the further five-year renewal options.

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The date when this property might become available is totally dependent upon decisions made by Texaco and/or Johnston Terminals. If the lease option is exercised, the time frames could be any one of 10, 11, 15, 20, or 25 years.

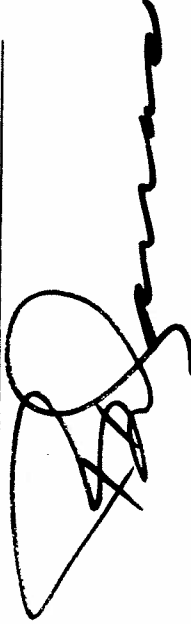
CONCLUSION

Currently there are sufficient funds available in the Corporate/Tax Sale Lands accounts to make a "seed money" transfer into a separate reserve for the acquisition of the Barnet Marine Park land. When looked at in conjunction with the 1984-1988 capital budget, and other emergent needs which may arise during the next five years, funds in the Corporate/Tax Sale reserves may be needed to finance other projects.

The date when the funds might be needed to finance the land acquisition is uncertain.

The reserve to be established as recommended by Ald. Stusiak would accumulate 75% of the market value assessment in 20 years. If the Texaco lands become available either before or after that date, additional funds will still need to be found to finance the difference between the purchase price and funds held in reserve to finance the purchase of the Texaco and Allied Chemicals lands.

It is recommended that \$500,000 not be transferred from the Corporate Land Sales account or Tax Sale Lands account to be placed in the Texaco and Allied Chemicals Land Reserve Fund.



Howard Karras
DIRECTOR FINANCE

Attach.

cc: Director Planning & Building Inspection
Director Recreation & Cultural Services

Year	Assessed Value Increased 3%	Taxes Increased 3% Per Year	Annual Contribution at 75% of Previous	Year Total Brought Forward	Starting Annual Total For Interest Computation	Annual Interest Earned At 8%	Year End Total of Reserve	Reserve Versus Assessment As %
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1984	1,677,950	47,038	-	-	-	2,823	38,102	2.28
1985	1,677,950	48,449	35,279	38,102	35,279	5,955	80,394	4.80
1986	1,728,288	49,902	36,337	38,102	74,439	5,955	80,394	4.80
1987	1,780,127	51,399	37,427	80,394	117,821	9,426	127,247	7.37
1988	1,833,541	52,941	38,549	127,247	165,795	13,264	179,060	10.06
1989	1,888,547	54,529	39,706	179,060	218,766	17,501	236,267	12.89
1990	1,945,203	56,164	40,897	236,267	277,164	22,173	299,337	15.86
1991	2,003,559	57,850	42,124	299,337	341,461	27,317	368,778	18.96
1992	2,063,666	59,586	43,387	368,778	412,165	32,973	445,138	22.22
1993	2,125,576	61,374	44,689	445,138	489,827	39,186	529,013	25.64
1994	2,189,343	63,215	46,030	529,013	575,043	46,003	621,047	29.22
1995	2,255,023	65,111	47,410	621,047	668,457	53,476	721,933	32.98
1996	2,322,674	67,065	48,833	721,933	770,766	61,661	832,428	35.84
1997	2,392,354	69,077	50,298	832,428	882,726	70,618	953,343	39.85
1998	2,464,125	71,149	51,807	953,343	1,005,151	80,142	1,085,563	44.06
1999	2,538,049	73,283	53,361	1,085,563	1,138,924	91,113	1,230,037	48.47
2000	2,614,190	75,481	54,962	1,230,037	1,284,999	102,780	1,387,799	53.09
2001	2,692,616	77,746	56,611	1,387,799	1,444,410	115,552	1,559,963	57.94
2002	2,773,394	80,079	58,309	1,559,963	1,618,272	129,461	1,747,734	63.02
2003	2,856,596	82,481	60,059	1,747,734	1,807,793	144,623	1,952,417	69.35
2004	2,942,294	84,956	61,860	1,952,417	2,014,277	161,142	2,175,419	73.94
2005	3,030,562	87,716	63,617	2,175,419	2,239,135	179,130	2,418,266	79.80

TOTAL

171

1,011,651

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EXHIBIT "A"

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THE CORPORATION OF THE DISTRICT OF BURNABY

EXHIBIT "B"

EFFECT ON RESERVE FOR TEXACO LANDS WITH INITIAL FUNDING OF \$200,000

Year	Years Forward	From Exhibit "A"		Initial Funding of \$200,000, Growth at 8%	Year-end Reserve with Initial Funding	Reserve as % of Assessment
		Year-end Reserve	Assessed Value			
1984	0	-	1,667,950	200,000		
1985	1	38,102	1,677,950	216,000		
1986	2	80,394	1,728,288	233,280		
1987	3	127,247	1,780,127	251,942		
1988	4	179,060	1,833,541	272,098		
1989	5	236,267	1,888,547	293,866		
1990	6	299,337	1,945,203	317,375		
1991	7	368,778	2,003,559	342,765		
1992	8	445,138	2,063,666	370,186		
1993	9	529,013	2,125,576	399,801		
1994	10	621,047	2,189,343	431,785		
1995	11	721,933	2,255,023	466,328		
1996	12	832,428	2,322,674	503,634		
1997	13	953,343	2,392,354	543,925		
1998	14	1,085,563	2,464,125	587,439		
1999	15	1,230,037	2,538,049	634,434		
2000	16	1,387,799	2,614,190	685,186		73.5
2001	17	1,559,616	2,692,616	740,004		79.3
2002	18	1,747,734	2,773,394	799,204		
2003	19	1,952,417	2,856,596	863,140		
2004	20	2,175,419	2,942,294	932,191		
2005	21	2,418,266	3,030,562	1,006,767		

Intermittent calculations are omitted because only the 75% range is of consequence

