

ITEM 39
MANAGER'S REPORT NO. 47
COUNCIL MEETING 87/07/27

RE: EFFECT OF 1987 - 1992 PROJECTED CAPITAL EXPENDITURES ON INTERNAL
RESERVES AND TAX DRAW

MUNICIPAL MANAGER'S RECOMMENDATION:

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

* * * * *

TO: MUNICIPAL MANAGER DATE: 87 07 14

FROM: DIRECTOR FINANCE FILE: F 28

RE: EFFECT OF 1987 - 1992 PROJECTED CAPITAL EXPENDITURES ON INTERNAL
RESERVES AND TAX DRAW.

RECOMMENDATION

1. THAT this report be received for information purposes.

REPORT

SUMMARY

This report projects the impact of the proposed 1987-1992 capital program on internal reserves, debt repayments, operating costs, projected tax draw and on the debt load of the municipality. The proposed capital program of \$103.0 million through 1992 is based on the 1987-1991 Capital Budget, with certain timing modifications on the major roads and Recreation and Cultural Services programs and includes the proposed \$13.5 million Metrotown Theatre and Fine Arts facilities.

Certain assumptions had to be made to indicate what the operating costs and tax draw trend would be prior to the effect of the proposed capital program. We assumed a 4% inflation rate in operating costs. For the tax draw we assumed increased new taxes resulting from increased new assessment growth because of the Metrotown development. We also assumed the continuation of the existing operating programs and services, and for the tax draw the same ratio of revenues and operating grants, the same proportion of contribution to capital, the same tax ratios and growth in assessment by property class etc. in the projected period as in 1987. A projected 4% per year increase in operating costs resulted in a projected 4.3% per year increase in tax draw for the period 1987 through 1992, before effect of existing debt retirement and of the proposed capital program.

The increase in debt repayments less retirements and operating costs vs 1987 resulting from the capital program, further increases the tax draw by about 2.3% per year to 1992, or up by 12.27% in total by 1992. Therefore with the total proposed capital program, taxes are projected to increase by about 6.6% per year through 1992.

Of the total increase in the draw of 12.27% by 1992 resulting from the capital program, 4.83% is from the \$20.9 million Recreation and Cultural Services program, 2.91% from the Metrotown Theatre and Fine Arts facilities, 2.74% from local improvements, 5.62% from major roads and other park development, and a reduction of 3.83% from debt retirement.

The municipality has the resources to finance the proposed capital expenditures of \$82.5 million (excluding local improvements) from its reserves. The net effect of financing the \$82.5 million program through 1992 is expected to decrease the internal reserves used for internal capital financing from \$46.7 million at the end of 1986 to about \$27.8 million by the end of 1991, after which time they should start to rebuild. With the projected new debt from the programs, less debt retirements, the total debt load as a proportion of projected operating costs is expected to return to the 13% level by 1992. This proportion is the same as the 1982 and 1985 levels, and slightly higher than the current 11% level projected for 1987.

BACKGROUND

Council approved the \$20.9 million major Recreation and Cultural Services capital program on 1985 July 15. Included with that report to Council was a 6 year projection of the debt repayment and operating costs of that program and of the projected debt repayments for the complete 5 year capital program 1985-1989. A summary of those projections, Schedule 01, has been attached for your information. Schedule 05 shows the current projections for that program.

On 1987 June 08 Council received a report which proposed a \$13.5 million program for a Metrotown Theatre and upgrading of the Fine Arts facilities at Deer Lake Park with the projected effect of debt repayment and operating costs on the tax draw. That report was referred back to staff for further considerations of funding implications.

The purpose of this report is to update the impact of the major capital programs on internal reserves, projected debt repayments and operating costs. The basis of the capital expenditure projections is the 1987-1991 Capital Budget with updated estimates for the \$20.9 million Recreation and Cultural Services capital program, for major roads, and other major park development projects (other than those in the \$20.9 million program) that will be financed from internal reserves. The capital program also includes the proposed Metrotown Theatre and Fine Arts facilities for \$13.5 million. The debt repayments are based on financing from internal reserves except for local improvements, which are financed externally. The incremental operating costs are based on the \$20.9 million major Recreation and Cultural Services program plus the proposed Metrotown Theatre and Fine Arts facilities. Other expenditures are not expected to significantly increase operating costs.

This report is similar to that of 1985 July 15, in concept, but in addition it shows the effect of funding on internal reserves. This report however, assumes a 4% rate of inflation in operating costs offset in part by new taxes from new assessments, with increased growth as a result of the Metrotown developments. This report also assumes the continuation of existing programs and services in operating costs, the same ratio of revenues and grants, the same proportion of contribution to capital, the same tax ratios and the same proportion of assessments by property class etc. in the projected period as in 1987. The attached schedules 02 through 08 show the assumptions and calculations in detail.

PROJECTED OPERATING COSTS, TAX DRAW, MEDIAN HOME TAX (Schedule 02)

In Schedule 02 we have projected the operating costs to increase by 4% per year from \$102,500,000 in 1987 to \$124,700,000 in 1992, before the effect of any new debt or new operating costs from the capital program. After allowance for new taxes of \$1.5 million per year in 1988 and 1992 and an increased level of \$2.0 million per year in 1989, 1990 and 1991 from the Metrotown developments from new assessments, it is estimated that the municipal tax base for current programs will inflate to \$69,342,000 in 1992, or at about 4.3% per year. The effect of the new capital programs and operating costs discussed in subsequent schedules will be compared to this tax base. Partly offsetting this tax base will be the retirement of existing debt which is also shown in Schedule 07. However, this debt

The current base tax will need to increase by 4.3% per year, compounded, from 1987 through 1992 if operating costs inflate by 4% per year in 1988 and onward. If operating costs inflate by 3% per year, existing base taxes will need to increase by 3.2% per year, but this lower rate of growth would only exaggerate the percentage increase effect of debt repayment and operating costs of the new capital programs. The taxes on the median home will escalate at the same rate as the tax base assuming the proportion of assessment by class and tax ratios relative to the residential class remain the same.

CAPITAL EXPENDITURE PROJECTIONS (Schedule 03)

Schedule 03 portrays the capital expenditures for 1987-1991 and an estimate for 1992, that will be financed through internal reserves, and the local improvement program that will be financed externally. These expenditure programs are taken from the 1987-1991 capital budget with the following modifications. Major roads are reduced by \$10.7 million in the five year period from \$44.6 million to \$33.9 million, due primarily to timing delay of Byrne Road and Marine Way to 10th Avenue construction. Some \$7.7 million of other major parks development (in addition to the \$20.9 million program) is delayed to 1992 and beyond. \$13.5 million has been allowed for the Metrotown Theatre and Fine Arts facilities, currently not in the 5 year Capital Budget. The local improvement street program is reduced from \$4 million to \$3 million per year to reflect a taxpayer approval spending basis rather than initiation basis. With this adjustment the total local improvement program for streets and lights amounts to \$20.45 million for the period 1986-1991. Furthermore, the repayment schedule for local improvements includes an allowance for the estimated frontage taxes as an offset to the external debt repayments.

Overall, the total capital program from 1987 through 1992 (including the \$1.9 million of the major Recreation and Cultural Services Capital Program in 1986) is estimated at \$103.0 million.

The internal debt repayments are on a commitment basis and are based on 8% interest, 20 year period, with equal repayments. In actual fact the budgets will reflect debt repayment based on the cash flow of the funds needed. This may have the effect of slightly shifting costs among the years projected. The external borrowing for local improvements is based on 11% interest, 15 year for streets, 10 years for ornamental lighting, with equal repayments.

DEBT AND OPERATING PROJECTIONS OF TOTAL CAPITAL PROGRAM TO BE FINANCED FROM INTERNAL RESERVES AND EXTERNALLY (Schedule 04)

Schedule 04 projects the new debt repayments for the total capital program of \$103.0 million (as given on Schedule 03) that is to be financed from internal reserves and external sources, and the operating costs resulting from the \$20.9 million Recreation and Cultural Services Major Capital Program and from the Metrotown Theatre and added Fine Arts facilities. It indicates that by 1992 total new debt, less retirements, plus new operating costs will increase the projected base tax draw of \$69.3 million by a further 12.27% This increase is equivalent to 2.3% per year growth, over and above the projected 4.3% per year tax growth based on the operating costs increasing by 4% per year, for a combined annual increase of 6.6% per year to 1992.

EFFECT OF THE RECREATION AND CULTURAL SERVICES \$20.9 MILLION PROGRAM AND THE METROTOWN THEATRE AND FINE ARTS FACILITIES (Schedule 05)

Schedule 05 shows the effect of the Recreation and Cultural Services programs for the \$20.9 million program and the Metrotown Theatre and Fine Arts facilities of \$13.5 million, totalling \$34.4 million. These capital expenditures are estimated to increase debt repayments and operating costs by 7.74% by 1992, over and above the anticipated tax base. This increase includes 4.83% of increase anticipated for the \$20.9 million program and 2.91% for the Metrotown Theatre and Fine Arts facilities, detailed as follows.

Specifically, the \$20.9 million program by 1992 is expected to add annually about \$2,132,191 of new debt repayment and \$1,213,000 of operating costs for a total of \$3,344,191 per year to the tax base in 1992 and onward. This is equivalent to about 4.83% of the annual base tax draw in 1992 or \$38.89 of taxes on the median home (See Schedule 06).

Specifically the \$13.5 million expenditure for the Metrotown Theatre and Fine Arts facilities by mid 1991 is expected to add annually about \$1,375,000 of new debt repayment and \$645,000 of operating costs for a total of \$2,020,000 per year to the tax base in 1992 and onward. This is equivalent to about 2.91% of the annual tax draw in 1992 or \$23.48 of taxes on the median home (See Schedule 06).

EFFECT OF CAPITAL PROGRAM ON MEDIAN HOME TAXES (Schedule 06)

Schedule 06 illustrates the effect of the capital program on the municipal tax on the median home for the years 1987 through 1992. The effect of the total program on debt and operating costs, less existing debt retirement, will add \$98.89 of municipal tax on the median home by 1992. The committed Recreation and Cultural Services \$20.9 million program adds \$38.89, the planned expenditures for roads, other parks, and local improvements add \$67.39, and the proposed Metrotown Theatre and Fine Arts facilities add \$23.48, less existing debt retirement of \$30.87. These additions increase the projected existing tax base of \$806.06 by 12.27% to a total of \$904.95 on the median home by 1992.

EFFECT OF CAPITAL PROGRAM ON INTERNAL RESERVES (Schedule 07)

The internal reserves designated for financing the capital program consist of the Capital Works Financing Fund, Tax Sale, Corporate Lands and Housing Reserves which in total were \$46.7 million at the end of 1986. Schedule 07 shows the effect of the \$82.5 million capital program on these internal reserves. The reserves balance is estimated to decrease to \$27.8 million at the end of 1991, after which time it is expected to increase. In other words, the reserves are considered to be sufficient to finance all of the proposed capital expenditures including the Metrotown Theatre and Fine Arts facilities but not local improvements, which will be financed externally through the Municipal Finance Authority (MFA).

EFFECT OF CAPITAL PROGRAM ON DEBT REPAYMENTS (Schedule 08)

Schedule 08 shows the municipal debt repayments as a percentage of operating costs (adjusted for 4% inflation from 1988-1992), using existing debt through 1992, plus the effect of new debt from 1988. It shows the percentage of total existing debt repayment costs declining to about 6% by 1992. However with the new debt from the capital programs, the percentage increases to about 13.7% by 1992, about the same level as in 1982 and 1985. The policy for debt repayment on new internal borrowing changed in 1986 from a 10 year to a 20 year repayment period, and from a commitment to a cash basis as well, thereby accounting in part for the lower percentages of debt evident in 1986 and 1987.

The foregoing is for the information of Council.

Howard Karras

Howard Karras
DIRECTOR FINANCE

PWT:er
cc: All Directors

DEBT REPAYMENT AND OPERATING COST PROJECTIONS

Alternative C
Library \$7 million
Bonsor \$7.5 million
Parks/Other \$4 million
Museum \$2.4 million

SCHEDULE 01

DEBT	1985	1986	1987	1988	1989	1990	1991
Existing debt - annual repayment	4,840	3,557	3,345	3,075	2,817	2,258	1,875
Internal	7,131	6,937	6,460	5,967	5,743	4,628	4,205
External	11,971	10,494	9,805	9,042	8,560	6,886	6,080
Sub-total existing debt repayment	185	370	370	370	555	555	740
Capital programs	185	370	370	370	555	555	740
- local improvements - net	-	-	-	-	-	-	-
- roads - Note 1	-	-	-	-	-	-	-
- Parks land	-	-	-	-	-	-	-
Sub-total	998	2,115	2,809	3,582	4,286	4,471	4,471
Library \$7 million	117	294	646	822	822	822	822
Museum \$2.4 million	-	88	176	211	247	282	282
Bonsor \$7.5 million	-	411	881	881	881	881	881
Parks/other \$4 million	94	188	282	376	470	470	470
Sub-total	117	887	1,891	2,196	2,326	2,455	2,455
Total debt repayment	11,971	12,807	13,742	14,338	13,498	13,006	13,006
Increase in debt repayment over 1985 - net	(362)	836	1,771	2,367	1,527	1,035	1,035
Tax draw needed for % inflation (Note 2)	49,207	50,683	52,204	53,770	55,383	57,045	58,756
Increase over prior year - %	3%	3%	3%	3%	3%	3%	3%
Less reduced Parks programs	-	(300)	(300)	(300)	(300)	(300)	(300)
Tax draw needed for inflation & increased debt repayment	49,207	50,021	52,740	55,241	57,450	58,272	59,491
Increase over prior year %	(Note 3) 3.2% per year compounded	(Note 4) 3.5% per year compounded	1.7%	5.4%	4.0%	1.4%	2.1%
- with increased debt only	1.7%	1.7%	5.4%	4.7%	4.0%	1.4%	2.1%
- with increased debt and operating costs	1.7%	1.7%	5.6%	4.7%	4.1%	1.5%	2.2%
OPERATING COSTS							
Library	\$7 million	100	100	100	120	120	120
Museum	\$2.4 million	50	100	100	150	175	225
Bonsor	\$7.5 million	40	400	400	400	400	400
Parks/other	\$4 million	90	80	80	120	160	200
Total		680	680	688	790	855	945
Median single family residence - tax levy	588	598	631	668	695	705	721

Note 1 1986 repayment includes major roads \$2,258,000; Park Drive \$350,000; Metrolam trolley extension \$170,000; Fire Hall land acquisition \$145,000.
 Note 2 New growth of \$1.5 million in taxes resulting from new assessments offsets about 50% of inflation on our total budget (3% of \$100 million).
 Therefore a further \$1.5 million of tax draw or 3% of tax draw is needed each year to support the existing base for inflationary cost increases.

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PROJECTED OPERATING COSTS, TAX DRAW, TAX ON MEDIAN HOME 1987-1992

SCHEDULE 02

1986	1987	1988	1989	1990	1991	1992
\$ 97,680,000	\$ 102,500,000	\$ 106,600,000	\$ 110,900,000	\$ 115,300,000	\$ 119,900,000	\$ 124,700,000
Inflate operating costs by 4%						
1988 onward						
Increase in operating costs						
for inflation						
Less taxes from new growth						
Additional taxes needed for						
base operations						
Taxes needed - municipal	52,396,048	56,141,619	58,742,000	61,042,000	63,442,000	69,342,000
- median home	625.10	652.61	682.84	709.57	737.47	806.06
% increase vs. prior years	6.4%	4.4%	4.6%	3.9%	4.1%	5.0%
Existing Debt Repayment (Net of						
Local Improvement Frontage Taxes)						
- Excludes Water, Sewer						
Internal	3,808,000	4,011,788	3,758,000	3,543,000	3,030,000	2,524,000
External	6,346,000	5,921,000	5,585,000	5,512,000	5,339,000	4,659,000
Less frontage taxes	(941,020)	(1,089,858)	(969,024)	(866,553)	(822,583)	(625,533)
Amount in each year	9,212,980	8,842,930	8,373,976	8,188,447	7,546,417	6,557,467
Change vs. prior year	(370,050)	(468,954)	(185,529)	(642,030)	(704,684)	(284,266)
Change vs. 1986						(2,655,513)

(See Note 1)

Notes

(1) Adjusted for 4% per year inflation in 1988 and onward.
 (2) Equates to a compound increase of 4.3% per year for the period 1987-1992.



CAPITAL EXPENDITURE PROJECTIONS 1987-1992

SCHEDULE 03

	1986	1987	1988	1989	1990	1991	1992	Total
Expenditures From Internal Reserves	\$ 1,642,074	\$ 6,659,926	\$ 457,100	\$ 672,435	\$ 580,000	\$ 300,000	\$ 300,000	\$ 3,053,000
- Sponsor	322,401	1,357,199	457,100	672,435	580,000	300,000	300,000	3,389,135
- Parks								6,190,000
- Library		1,650,000	2,636,290	1,903,710				
- Museum		1,853,000	300,000	300,000				
- Adjustment for timing		(3,500,000)	3,500,000					
Sub-total	1,964,475	8,020,125	6,893,390	2,876,145	880,000	300,000	7,000,000	20,934,135
Major roads		4,557,000	6,903,000	7,094,000	8,140,000	7,231,000	7,000,000	40,925,000
Other parks			1,297,000	756,100	964,645	1,495,000	2,660,000	7,172,745
Sub-total above	1,964,475	12,577,125	15,093,390	10,726,245	9,984,645	9,026,000	9,660,000	69,031,800
Theatre/fine arts					7,000,000	6,500,000		13,500,000
Total from internal reserves	1,964,475	12,577,125	15,093,390	10,726,245	16,984,645	15,526,000	9,660,000	82,531,880
Local Improvements (Note 1) -								
External Borrowing								
Streets (Note 2)	3,705,200	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	18,705,200
Ornamental lighting		750,000	500,000	500,000	500,000			1,750,000
Total from external borrowing	3,705,200	3,750,000	3,500,000	3,000,000	3,500,000	3,000,000	-	20,455,200
Local Improvement Debt Repayments								
Gross borrowing		700,000	1,235,000	1,235,000	1,761,000	2,171,000	2,678,000	
Less frontage taxes			133,000	321,000	488,000	613,000	780,000	
Net debt	-	567,000	914,000	914,000	1,273,000	1,558,000	1,898,000	
Total capital								102,987,080

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Note (1) Estimates are those approved by taxpayers rather than the amounts initiated to more accurately reflect the debt repayment obligations.
 (2) 1986 program already approved. Borrowing to be completed in 1987, repayments begin in 1988.

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DEBT REPAYMENT AND OPERATING PROJECTIONS OF TOTAL CAPITAL PROGRAM
TO BE FINANCED FROM INTERNAL RESERVES AND EXTERNALLY

	1986	1987	1988	1989	1990	1991	1992
New Debt Repayment From	\$	\$	\$	\$	\$	\$	\$
1987-1991 Capital Program							
Recreation and Cultural Services		200,086	1,016,954	1,719,062	2,012,003	2,101,634	2,132,191
\$20.90 million program			464,000	1,300,000	2,100,000	3,030,000	3,900,000
Roads, other parks						713,000	1,375,000
Theatre/fine arts							
Sub-total above		200,086	1,480,954	3,019,062	4,112,003	5,844,634	7,407,191
External - local improvements			567,000	914,000	1,273,000	1,558,000	1,898,000
Total new debt repayment		200,086	2,047,954	3,933,062	5,385,003	7,402,634	9,305,000
Additional Operating Costs							
\$20.9 million program		306,000	747,000	928,000	1,140,000	1,188,000	1,213,000
Theatre/fine arts						375,000	645,000
Total		306,000	747,000	928,000	1,140,000	1,563,000	1,858,000
Total debt repayment (new and existing)	9,212,980	9,043,016	10,421,930	12,121,509	12,931,420	14,244,367	15,862,467
Total debt repayment and additional operating costs		9,349,016	11,168,930	13,049,509	14,071,420	15,807,367	17,720,467
Increase in total debt and operating costs vs. 1986		136,036	1,955,950	3,836,529	4,858,440	6,594,387	8,507,487
Increase Over Prior Year Tax Draw		200,086	1,847,868	1,885,108	1,451,941	2,017,631	1,902,366
New debt repayment less retirement of existing debt	(169,964)	1,378,914	1,699,579	809,911	1,312,947	1,618,100	1,618,100
New debt repayment and additional operating costs less retirement		136,036	1,819,914	1,880,579	1,021,911	1,735,947	1,913,100
Increase in total debt repayment vs. 1986		(169,964)	1,208,950	2,908,529	3,718,440	5,031,387	6,649,487

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DEBT REPAYMENT AND OPERATING PROJECTIONS OF TOTAL CAPITAL PROGRAM
TO BE FINANCED FROM INTERNAL RESERVES AND EXTERNALLY

	1986	1987	1988	1989	1990	1991	1992
Cumulative & Increase in Tax Draw	\$	\$	\$	\$	\$	\$	\$
New debt repayment	0.36%	3.49%	6.44%	8.49%	11.21%	13.42%	9.59%
New debt repayment less retirement,	(0.30)%	2.06%	4.76%	5.86%	7.62%	9.99%	12.27%
plus operating costs	2.42%	3.33%	6.28%	7.66%	9.99%	12.27%	12.27%
<u>New debt repayment less retirement,</u>	<u>0.38%</u>	<u>3.29%</u>	<u>3.21%</u>	<u>2.38%</u>	<u>3.18%</u>	<u>2.88%</u>	<u>2.90%</u>
New debt repayment less retirement,	(0.32)%	2.46%	2.89%	1.33%	2.07%	2.45%	2.90%
New debt repayment less retirement,	0.26%	3.24%	3.20%	1.67%	2.74%	2.90%	2.90%
plus operating costs							
<u>& Increase in Tax Draw vs. Prior Year</u>	<u>0.38%</u>	<u>3.29%</u>	<u>3.21%</u>	<u>2.38%</u>	<u>3.18%</u>	<u>2.88%</u>	<u>2.90%</u>

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DEBT REPAYMENT AND OPERATING PROJECTIONS RESULTING FROM
 THE \$20.9 MILLION RECREATION AND CULTURAL SERVICES MAJOR PROGRAM
 AND FROM THE METROTOWN AND FINE ARTS FACILITIES

	1987	1988	1989	1990	1991	1992
Debt Repayment	200,086	1,016,954	1,719,062	2,012,003	2,101,634	2,132,191
\$20.9 million						
Theatre/fine arts						
Increase vs. prior year	200,086	816,868	702,108	292,941	802,631	692,557
Additional Operating Costs						
\$20.9 million program						
- Sponsor	260,000	630,000	630,000	630,000	630,000	630,000
- Parks	46,000	67,000	98,000	160,000	183,000	183,000
- Library		50,000	100,000	200,000	200,000	200,000
- Museum			100,000	150,000	175,000	200,000
Sub-total	306,000	747,000	928,000	1,140,000	1,188,000	1,213,000
- Theatre/fine arts						
Total	306,000	747,000	928,000	1,140,000	1,563,000	1,858,000
Increase in operating costs	306,000	441,000	181,000	212,000	423,000	295,000
vs. prior year						
Increase in debt repayments and	506,086	1,257,868	883,108	504,941	1,225,631	987,557
operating costs						
- vs. prior years						
- vs. 1986						

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DEBT REPAYMENT AND OPERATING PROJECTIONS RESULTING FROM
THE \$20.9 MILLION RECREATION AND CULTURAL SERVICES MAJOR PROGRAM
AND FROM THE METROTOWN AND FINE ARTS FACILITIES

	1987	1988	1989	1990	1991	1992
Cumulative & Increase in Tax Draw	\$	\$	\$	\$	\$	\$
Repayment of debt	0.36%	1.73%	2.82%	3.17%	3.18%	3.08%
- \$20.9 million program						
- Theatre/fine arts						
Operating						
- \$20.9 million program	0.55%	1.27%	1.52%	1.80%	1.80%	1.75%
- Theatre/fine arts						
Total	0.91%	3.00%	4.34%	4.97%	6.63%	7.74%
% Increase in Tax Draw vs. Prior Year						
Repayment of debt	0.38%	1.46%	1.20%	0.48%	0.14%	0.05%
- \$20.9 million program						
- Theatre/fine arts						
Operating						
- \$20.9 million program	0.58%	0.78%	0.31%	0.35%	0.08%	0.04%
- Theatre/fine arts						
Total	0.97%	2.24%	1.51%	0.83%	1.93%	1.50%

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EFFECT OF CAPITAL PROGRAM ON MEDIAN HOME TAXES

SCHEDULE 06

	1986	1987	1988	1989	1990	1991	1992
Debt Repayment	\$	\$	\$	\$	\$	\$	\$
\$20.9 million program	2.32	2.32	11.82	19.98	23.39	24.43	24.79
Roads, other parks			5.39	15.11	24.41	35.22	45.33
Theatre/fine arts						8.29	15.98
Sub-total (Internal reserves)	2.32	2.32	17.21	35.09	47.80	67.94	86.10
Local Improvements			6.59	10.62	14.80	18.11	22.06
Total new debt	2.32	2.32	23.80	45.71	62.60	86.05	108.16
Debt retirement	(4.30)	(4.30)	(9.75)	(11.91)	(19.37)	(27.56)	(30.87)
New debt less retirement	(1.98)	(1.98)	14.05	33.80	43.23	58.49	77.29
Operating Cost							
Recreation and Cultural Services							
\$20.9 million program			8.68	10.79	13.25	13.81	14.10
Theatre/fine arts						4.36	7.50
Net debt less retirement and operating costs	1.58	1.58	22.73	44.59	56.48	76.66	98.89
Increase Over Prior Year							
Internal debt repayment	2.32	2.32	14.89	17.88	12.71	20.14	18.16
Local improvement repayment			6.59	4.03	4.18	3.31	3.95
New debt repayments less retirement	(1.98)	(1.98)	16.03	19.75	9.43	15.26	18.80
Operating costs	3.56	3.56	5.12	2.11	2.46	4.92	3.43
New debt repayments less retirement, plus operating costs	1.58	1.58	21.15	21.86	11.89	20.18	22.23
Median home taxes (see Schedule 02)	625.10	625.10	682.84	709.57	737.47	767.70	806.06
- before effect of above	625.10	625.10	682.84	709.57	737.47	767.70	806.06
- after effect of net debt and operating costs	652.61	652.61	705.57	754.16	793.95	844.36	904.95

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EFFECT OF CAPITAL PROGRAM ON RESERVES

(See Note 1)

SCHEDULE 07

	Projected				Actual		
	1992	1991	1990	1989	1988	1987	1986
Opening balance	42,028,647	46,729,374	40,809,642	39,845,459	44,964,078	44,964,078	46,729,374
- Additions and repayments (Note 2)	11,050,675	12,711,829	13,038,954	12,062,062	13,038,954	12,711,829	11,050,675
- Expenditures	(11,176,661)	(17,577,125)	(20,093,390)	(15,726,245)	(20,093,390)	(17,577,125)	(11,176,661)
- Metrotown theatre and fine arts facilities			(7,000,000)	(7,000,000)			
- Repayment of Metrotown theatre and fine arts facilities			(6,500,000)	(6,500,000)			
Balance before investment income	41,902,661	41,864,078	37,909,642	37,145,459	37,909,642	41,864,078	41,902,661
Investment income (at 7%)	4,826,713	3,100,000	2,900,000	2,700,000	2,900,000	3,100,000	4,826,713
Closing balance	46,729,374	44,964,078	40,809,642	39,845,459	40,809,642	44,964,078	46,729,374

(1) For combined CAWFF, Tax Sale, Corporate Lands and Housing Reserves - commitment basis
 (2) Does not include potential Provincial cost sharing grants on an estimated \$30 million of shareable major roads projects, nor \$1.0 million Lottery Fund grants for the Recreation and Cultural Services \$20.9 million capital program. The timing and amount of grants for these projects are dependent upon Provincial approval and actual construction of roads.

ITEM 39
 MANAGER'S REPORT NO. 47
 COUNCIL MEETING 87/07/27

MUNICIPAL DEBT REPAYMENT COST - AS A PERCENTAGE OF OPERATING COSTS

SCHEDULE 08

Year	External		Internal		Existing		Total Existing	Total Existing Debt %	Total With New Debt %
	Total With Existing	New Debt %	Total With Existing	New Debt %	Water	Sewer			
1982	8.86	8.15	2.23	2.47	0.29	1.65	13.03	13.03	11.73
1983	8.15	7.48	2.47	3.38	0.29	1.54	12.45	12.45	12.58
1984	7.48	6.87	3.38	5.10	0.15	1.37	12.38	12.38	12.61
1985	6.87	6.50	5.10	3.90	0.14	1.34	13.45	13.45	13.03
1986	6.50	5.78	3.90	4.11	0.14	1.26	11.80	11.80	11.73
1987	5.78	5.24	4.11	3.53	0.12	1.13	11.13	9.81	9.81
1988	5.24	4.97	3.53	3.19	0.11	0.94	9.81	9.04	9.04
1989	4.97	4.63	3.19	2.63	0.08	0.80	9.04	7.94	7.94
1990	4.63	4.10	2.63	2.24	0.07	0.61	7.94	6.86	6.86
1991	4.10	3.74	2.24	2.02	0.51	0.47	6.23	6.23	6.23
1992	3.74	5.26	2.02	7.96	0.47	0.47	6.23	13.69	13.69

Projected

Actual