

westvancouver

ENGINEERING AND TRANSPORTATION

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(14)

File: 0865.01

July 14, 2009

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Dear ()

RE: Municipal Infrastructure Spending

I have been asked to respond to your recent letter in which you provided a rationale for investment in under grounding overhead services throughout the entire District of West Vancouver.

Firstly, I would like to thank you for your very thoughtful analysis which considered aesthetics, reliability, safety, technology, property value and ongoing maintenance. You have noted that the costs are substantial yet you have provided scenarios for its repayment. I suspect that your proposal is feasible; however I am not sure how public "buy-in" would be achieved - perhaps by referendum?

In the interim, staff does apply to BC Hydro on an annual basis for beautification funding which constitutes a one third BC Hydro, two thirds District cost share for under grounding overhead utilities. The application is typically aligned with an approved road capital project or development project to ensure a funding source and value for investment. An example of the former is the Marine Drive Gateway Project which will ultimately result in the removal of the overhead utility between Park Royal and 13th Street.

In closing, I must apologize for not being able to offer you more certainty at this time. Given the current state of the economy, I suspect that there are more pressing matters on the minds of the community.

If you have any further questions or concerns, please do not hesitate to contact me by telephone at 604.925.7157.

Yours truly,



Brent A. Dozzi, P. Eng., PTOE
Manager, Roads and Transportation

BAD/bw

cc: Mayor and Council

Doc. # 364897-01

File 0865.01
(16)

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Mayor and Council
West Vancouver Municipal Hall
750 - 17th Street
West Vancouver, B.C.
V7V 3T3

Dear Mayor and Council,

Subject: Municipal Infrastructure Spending

I would like Council to consider the following proposal with respect to above ground power and communication lines throughout the district. This summary proposal contains a number of assumptions that may be incorrect, however I believe the concept has merit.

Council has already acknowledged, File: 1700 / 1785.19, that reliability and aesthetics would be enormously enhanced by under-grounding overhead utilities throughout the district. The obvious benefits include:

- Aesthetics
- Power reliability and safety
- State of the art connectivity
- Home value
- Ongoing maintenance costs

The one factor that has been prohibitive is cost and there is undoubtedly debate over who should bear that cost. My proposal attempts to solve this problem. My proposal assumes that roughly 10,000 homes in the district are serviced by overhead utilities. The cost per home, based on cursory research is \$10,000 or a million dollars per kilometer. This would equate to a \$100 million dollar project. Labor costs could be as high as 50% of that cost. This would equate to roughly 850 person years at an "all in" labor cost of \$60,000 per year. Obviously this is an enormous undertaking for a government that has an annual budget of \$120 million.

I propose that, in the spirit of economic recovery and access to the federal municipal infrastructure budget, we could achieve the benefits outlined above while employing a number of people in this time of need. I also propose a methodology that can accomplish cost recovery for the project.

A summary is presented below

Underground Utilities Project Proposal

- Estimated project cost \$ 100,000,000
- District Cost \$ 50,000,000
- Matching Federal Infrastructure Grant \$ 50,000,000
- Cost per home \$ 10,000
- Labor cost \$ 50,000,000
- Labor person years 850
- Cost Recovery Alternatives:
 - A) The homeowner pays full amount on next property tax invoice and can apply for renovation tax credit (Pre approved by the federal govt)
 - B) The homeowner pays the full amount plus interest over a twenty year period collected as added tax to his annual tax invoice.
 - C) The homeowner does not pay and the property is taxed the full amount plus accrued interest on sale of home. (Home purchaser pays, similar to transfer tax)

In all three scenarios the homeowner benefits from a higher resale value associated with the underground utilities improvement. The total project cost could easily be brokered with a financial institution and managed through the property tax process. The project could also be broken up into neighborhood segments using a plebiscite approval process.

This proposal goes beyond improving the aesthetics of the neighborhood. It creates much needed short term employment, better infrastructure, and most importantly it directly benefits the individual who is paying for the service by increasing resale value of their property asset. The district can do one of three things with the matching grant upon completion of, or even during the project.

- It can retain the grant and apply it to other community enhancements.
- It can return the matching amount to the federal government for deficit reduction or infrastructure redirection
- It could reduce the homeowner cost by the matching grant amount.

In all cases, the proposal self-directs infrastructure investment from the taxpayer to a benefit offset which is much more satisfying than the alternatives

I hope that you will consider this proposal for further study to see if it is viable and I look forward to your response

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to Brent A. Cozz, Raymond J Fung

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