



VILLAGE OF BELCARRA

"Between Forest and Sea"

4084 BEDWELL BAY ROAD, BELCARRA, B.C. V3H 4P8

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June 11, 2019

Dear Neighbours,

In response to former Mayor Ralph Drew's letter in the Belcarra Barnacle in which he states, "Suggestions that Belcarra is in a tenuous financial position are simply not correct", it is important that residents are aware of the following:

- Belcarra exceeded its legislated maximum-debt limit when building its existing water system. A referendum was required to allow Belcarra to borrow the additional funds necessary to complete the project.
- The referendum was successful, enabling Belcarra to secure the \$3.5M in current debt.
- Being able to afford the interest on our current debt does not mean that Belcarra is financially stable; Belcarra requires significant investment in essential life-protecting infrastructure and we do not have the funds (either reserves or available debt) necessary to meet these needs.

Essential Investments Currently Required for Belcarra:

- The Village must upgrade its water system to meet FUS fire fighting standards.
 - Wildfires represent the single greatest threat to life and property in the Village of Belcarra and our current water system does not meet the Fire Underwriters Survey's requirements for fire fighting in Belcarra.
- Relevant History:
 - The SVFD completely exhausted Belcarra's municipal water supply fighting the Turtlehead Road house fires.
 - In order to maintain the bare-minimum water level in Belcarra's reservoir, the SVFD was required to repeatedly shut down an essential nozzle (Engine 3 monitor) and use smaller hoses while fighting the house fire on Senkler Road.
 - **Estimated cost of improvement: Our current water provider, The District of North Vancouver, estimates \$2M - \$10M to fix Belcarra's water system.**
 - A new water reservoir (short-term solution) to provide immediate fire protection:
 - **Metro Vancouver estimated cost: \$1.2M**
 - Belcarra's Fire Hall failed its seismic testing and does not meet WorkSafe BC legislated requirements for protecting our volunteer firefighters and their families.
 - **Metro Vancouver estimated cost: \$2M**
- Unlike other municipalities, Belcarra has never set funds aside to repair/replace our infrastructure, assets and equipment. Other municipalities set aside funds every year to plan for scheduled and unscheduled repair and replacement of infrastructure. Relevant examples:
 - Belcarra Village Hall
 - Belcarra Fire Hall

- Water system
- Drainage and culverts
- Roads
- Assets and equipment

Essential Data:

- The Statutory General Operating Reserve and Unappropriated Surplus Minimum Requirement for Belcarra is \$750,000.
 - This is the minimum “savings” that Belcarra is required to maintain.
 - Belcarra has only \$306,614 in reserves.
 - **Belcarra is \$443,386 below its legislated bare-minimum “savings” limit.**
- The KPMG report below benchmarks Belcarra vs similar sized BC municipalities. Please note the highlighted charts for visual representation of Belcarra’s financial position according to KPMG:
 - <https://belcarra.ca/assets/media/2019/06/2018-KPMG-Audit-Findings-Report-Final.pdf>
 - Page 34 – Debt to Tangible Capital Assets per Capita
 - Page 35 - Tangible Capital Assets per Capita to Debt per Capita
- The second summary below not only provides 100% transparency into the Village’s financial position, it also visually charts Belcarra’s financial position vs BC municipalities of the same size.
 - <https://belcarra.ca/assets/media/2019/06/REPORT-Financial-Information-for-Public-May-15-2019.pdf>

Summary:

- Belcarra has already exceeded its statutory-imposed borrowing limit once, requiring a referendum to raise Belcarra’s borrowing limit. Any additional borrowing will require another referendum.
- Belcarra’s remaining borrowing limit is \$1.3M but our immediate needs exceed \$3M.
- Belcarra’s Total Surplus and Reserves/Total Operating Expenses are half of the average similar-sized BC Municipality’s reserves.
- Despite a statutory requirement to have 6 month’s operating funds (\$750k) in our reserves, Belcarra has 2.5 months of operating reserves (\$306k).
- Belcarra’s debt is already so high that we cannot borrow enough money to improve our fire-fighting-deficient water system to meet the FUS minimum fire fighting standards.
- Belcarra does not have the financial resources available to build a structurally safe Fire Hall.
- Belcarra has not put aside any funds to repair or replace any of our infrastructure.

With a referendum, the maximum that Belcarra can now borrow is \$1.3M. The new firehall will cost approximately \$2M and the absolute minimum cost for a new water reservoir is an additional \$1.2M.

This doesn’t include re-paving the northernmost corner of Bedwell Bay Road or the collapsing areas of Marine Avenue. It also doesn’t include repairing the failing drainage culvert on Bedwell Bay Road or putting aside funds for future infrastructure repair and replacement.

The measure of financial sustainability is meeting all legislated financial requirements while providing a safe and well-serviced municipality.

A handwritten signature in black ink, appearing to be the initials 'NB' or similar, written in a cursive style.

**Neil Belenkie,
Mayor, Village of Belcarra**

Government Borrowing Limits Reference: <https://www2.gov.bc.ca/gov/content/governments/local-governments/finance/borrowing-liabilities/municipal-liability-servicing-limits>