

Subject: [Fwd: Response to letter from..... GOLF COURSE OUR DNV DISASTER]

Date: Tue, 14 May 2002 12:57:47 -0700

From: Brian Platts <brian_platts@telus.net>

To: Corrie Kost <kost@triumf.ca>

CC: Dave Sadler <davesadler@telus.net>

Subject: RE: Response to letter from..... GOLF COURSE OUR DNV DISASTER

Date: Mon, 13 May 2002 21:28:12 -0700

From: "John Hunter" <johnhunter@idmail.com>

To: "Ernie Crist" <CristE@dnv.org>, "FONVCA (E-mail)" <fonvca@fonvca.org>

Mr. Crist

The golf club is NOT making money in a business sense. Only in a technical (math) sense.

It IS true that it showed a modest net operating income of about \$450,000 last year if my memory serves me right.

That is a return of about 4% on the \$11 MM of investment. Golf courses are a high risk business, and should get returns in the teens pre-tax but after debt service. Heck, I can buy a government bond now (3 years plus, ZERO risk) for over 5% return!

We are 4% return BEFORE debt service. If we had borrowed from a bank instead of the taxpayers via the Heritage Fund, we would be bankrupt (debt service on the imputed debt at about 6% is about twice the net operating income). In short, if it were private sector, it would be bankrupt. That is why council forgave principal and interest repayments to the Heritage Fund. And then Council send this \$450,000 to general revenues!!! Very sad and morally bankrupt management.

But the private sector would never operate it the way DNV Council does. You can see that from the McLachlin report.

As well, Council micromanage the course. You and I were at the meeting where it was clear the golf course manager can do NOTHING of significance to improve revenues or cut costs absent specific council consent. One reason, it seems, that few measures are being taken is two councilors stated we were doing fine and the word "profit" was even mentioned.

There is one good message about the course, other than it is beautiful and a great course. It is a prime proof of why local councils should not get into any business the private sector can provide at a reasonable price, because politicians can't manage them competently from a business perspective, even were they individually competent businessmen and women. The rec. service sharing is another good example.

It is not just our council; look at any government you wish, from Mirabel Airport to Fast Ferries. Sure, the private sector does huge screwups too, but then it is mainly shareholders (and, unfortunately, sometimes

employees) and other groups, banks included, who willfully bought shares or took jobs or loaned money. I do not recall being given a personal choice as to whether I wanted my own tax dollars to go to a golf course. A golf course when what, perhaps 10% of DNV taxpayers golf, and less than half of the users are from DNV? Talk about subsidies!!! And with this type of fiscal discipline, we now propose billboards? And wonder why costs are out of control.

In my view the gold course could do much better financially, if council would get out of micro-managing it and let a combination of golf knowledgeable people and business people draw up a strategic plan, as C. Muri proposed.

John Hunter

> -----Original Message-----

> From: Ernie Crist [<mailto:CristE@dnv.org>]

> Sent: May 12, 2002 9:07 PM

> To: FONVCA (E-mail)

> Subject: FW: Response to letter from.....

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> Dear Mr. (Name deleted)

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> Subject: Your letter to Mayor and Council re Billboards.

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> I agree with your sentiments re Billboards. As for the Golf Course -

> when the financial plans for Northlands were readied by the financial

> consultants they stated that for the District to meet the target of a \$

> 38 maximum fee and pay back both principle and interest to the Heritage

> Fund from which the money to build the course was borrowed, three

> realizable conditions would have to be met.

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> 1) the Course would have to be no less than 172 acres

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> 2) it would have to contain a driving range and

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> 3) it would have to have a large club house or banquet facility.

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> Unfortunately none of these conditions were met. The land to accommodate

> the driving range and the club house was sold to subsidize the District's

> operating expenses at a time when taxes in the District were already at

> the high end in the region.

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> The golf course acreage was thus reduced from 172 acres to 131 acres.

> Sacrificed was the driving range which was to be a money maker and

> sacrificed too was the Banquet facility also a money maker and part of

> the calculation.

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> All this was made public repeatedly. Unfortunately, with the exception of

> a few residents, nobody seemed to care. Those of us who spoke up against

> this madness faced defeat at the polls and one Councillor who shared my

> concerns was indeed defeated. The rest is history.

>
> *You may wish to get in touch with the Federation of North Vancouver
> Community Associations (FONVCA) to get a more detailed account of this
> fiasco plus a few additional ones. As it is, the fees are such now that
> the Golf Course is indeed making money but it is not being used to pay
> back the Heritage Fund as was originally planned, but to further
> subsidize District operations.*
>
> *I thank you for sharing your concerns.*
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> *Yours truly,*
>
> *Ernie Crist, Councillor,*
> *District of North Vancouver*

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