

June 5, 2014

The Honourable Peter Fassbender
Minister of Education
P.O. Box 9045, STN Prov Govt
Victoria BC V8W 9E2

Dear Minister Fassbender,

Thank you for your letter of March 13, 2014 regarding the Argyle Secondary School seismic project. The Ministry of Education's support of the capital funding to address the high seismic risks and necessary structural upgrades at Argyle School is appreciated. Safety of our students and staff is paramount when providing a positive learning environment.

As you are well aware, for the past year the Board and its Staff have been working diligently to convert the seismic project to a full replacement school. The Board of Education has committed to fund the difference between the seismic and full replacement costs and is seeking to receive approval to proceed with the replacement school and to borrow \$8.9 million to fund the differential, if needed.

We would like to address each of your conditions, as laid out in your March 13, 2014 letter.

1. *Confirmation from the Board of its financial plan and payment scheduling for the expeditious retirement of its outstanding debt (\$6,284,148) to Provincial Treasury, and*
2. *Detailed accounting of the proposed funding sources and the proposed scheduling of payment for the expeditious retirement of the additional borrowing (\$8.9 million) required for the full replacement of Argyle Secondary, including NLC space.*

A key concern raised by Ministry Staff is the current \$6.3M debt load of the School District. Please be assured that the Board acknowledges that the repayment of this debt must be completed no later than December 31, 2015 and it is a Board priority to repay the debt prior to that date. It is not the intention of the Board to increase the debt load from \$6.3M to \$15.2M, and in fact, the Board does not actually anticipate having to borrow funds to complete the Argyle replacement project. We are happy to report that we have three duly authorized Purchase and Sale Agreements in place and are now working toward a fourth. This information should provide the Minister with comfort that we will have the resources available to pay our current debt by December 31, 2015, as well as finance the gap between the seismic and full replacement of Argyle Secondary.

The Purchase and Sale Agreement for Ridgeway Annex is expected to be completed by March 2015, or earlier, and all funds from that sale will be directed to the repayment of the debt. The Board of Education's March 7, 2013 letter, requesting disposition authority for Ridgeway Annex, indicated that the Board will be requesting the application of all revenue, both Restricted and Local Capital, to be applied to the repayment of the outstanding debt. The Purchase and Sale Agreement will generate \$5.1 Million in revenue, before Community Amenity Charges, to the School District. There is also additional revenue possible, should additional density be approved. This property resides in the City of North Vancouver and it is our belief that the City may waive

any amenity charges, given that the original \$7.2M debt was incurred in building the new Sutherland Secondary and Westview Elementary schools, which have provided rich community amenities to the City of North Vancouver and residents of the North Shore.

The Purchase and Sale Agreement for the Braemar Elementary School parcel will provide revenue of \$2.4M, before Community Amenity Charges, and is expected to be completed by the end of March 2015, or earlier. The Board of Education will request that all revenue, both Restricted and Local Capital, be applied to fund the Argyle Secondary School replacement differential.

The Purchase and Sale Agreement for Monteray Elementary School includes a provision for \$6.38M in revenue by March 31, 2015. The Agreement also provides for the potential of additional revenue if higher density is achieved, and the Purchaser will assume any Community Amenity Costs. The Board of Education's March 14, 2013 letter, requesting disposition authority for Monteray Elementary School, indicated that the Board will be requesting the application of all revenue, both Restricted and Local Capital, be applied to fund the Argyle Secondary School replacement school differential.

The District of North Vancouver has indicated an interest in purchasing the Keith Lynn Alternate Secondary School site to accommodate future transportation and highway improvements. Negotiations between the District of North Vancouver and the School District for the purchase and sale of the Keith Lynn Alternate Secondary School site are proceeding. The Board anticipates receiving no less than \$5M for this property by March 31, 2015, subject to negotiations with the District of North Vancouver. As this property is 100 percent Local Capital, the Board of Education will apply all of the revenue to the Argyle replacement. Any residual funds will be directed to fund the replacement of Seymour Heights Elementary or Lynnmour Elementary as identified in the School District's Five-year Capital Plan.

The Argyle Secondary School replacement project will not likely be completed until the summer of 2018. Should borrowing be required to fund some, or all, of the \$8.9M differential, we do not anticipate this occurring prior to January 2018. With the anticipated sale of Keith Lynn Alternate Secondary, it is expected that the School District will have approximately \$3.68M surplus to direct to other replacement projects, as noted above.

	Anticipated Completion Date	Anticipated Base Revenue before Community Amenity Charges	Additional Revenue Potential due to Higher Density	Municipality	Purchase & Sale Agreement in Place	Funds to be directed to:
Ridgeway Annex	March 2015	\$ 5,100,000	Yes	City of NV	Yes	Payment of debt
Current Debt	Dec. 31, 2015	\$ (6,300,000)				
Net Surplus (Shortfall)	Dec. 31, 2015	\$ (1,200,000)				
Braemar Parcel (<i>Note 2</i>)	March 2015	\$ 2,400,000	No	District of NV	Yes	Argyle replacement
Monteray Elementary (<i>Notes 1 & 2</i>)	March 2015	\$ 6,380,000	No	District of NV	Yes	Argyle replacement
Keith Lynn Secondary (<i>Note 3</i>)	March 2015	\$ 5,000,000	No	District of NV	(<i>Note 3</i>)	Argyle replacement
Argyle Funding Gap	January 2018	\$ (8,900,000)				
Net Surplus (Shortfall)		\$ 4,880,000				
Total Net Surplus (Shortfall)		\$ 3,680,000				Other Capital Projects

Note 1: Morningstar Homes has agreed to pay any CACs; the School District is to receive \$6.38M revenue after CACs.

Note 2: Subject to Municipal approval processes.

Note 3: The District of North Vancouver and School District are currently negotiating a Purchase and Sale Agreement.

3. Statement from the District of North Vancouver that details its land-use considerations and level of support for the disposal of each surplus Board-owned property located within its boundaries, as identified in the Board's overall property disposal plan.

The Minister's letter expressed concern that the District of North Vancouver had not given full endorsement of the Board of Education's overall property disposal plan. In the District of North Vancouver's earlier correspondence, the District focused its comments of support on property dispositions that would be most impactful, namely Monteray School and Keith Lynn, while also indicating progress on smaller land development processes near Braemar and Argyle that were likely to generate revenue. The District of North Vancouver is pleased to reiterate this earlier support and also to note that the overall surplus land strategy also includes disposition through leasing of surplus properties within District boundaries, which have likewise been supported.

The following provides a detailed update of development processes and the District of North Vancouver's perspective on identified surplus lands within North Vancouver District boundaries:

- **Blueridge Elementary School:** While the Board passed a closure bylaw in 2010, the school will remain open pending Ministry approval of a replacement school for Seymour Heights. The District of North Vancouver's support for this replacement has been expressed to past Ministers and is a matter of record.
- **Maplewood Elementary School:** The District of North Vancouver is supportive of the long-term lease of this property to Kenneth Gordon School, which allows the Board of Education to retain the asset for future needs. This approach aligns with the village centre designation of Maplewood in the District Official Community Plan
- **Fromme Elementary School:** Similarly, Fromme is located on the periphery of the designated town centre of Lynn Valley, expected to accommodate future population growth. As such, the lease with Ecole Francaise Internationale de Vancouver (EFIV) until July 31, 2021, and retention of the school asset for future needs is supported by the District of North Vancouver.
- **Westover Elementary School:** The lease arrangement with Brockton School for 10 years until July 30, 2020, is supported by the District of North Vancouver as a use in keeping with the single family character of the surrounding neighbourhood.
- **Plymouth Elementary School:** Likewise, the District of North Vancouver views the recently negotiated ten-year lease with Lions Gate Christian Academy as an appropriate use of this facility.
- **Monteray Elementary School and Site:** The District is working actively with the Board of Education to move from preliminary to detailed application for OCP amendment and rezoning by fall 2014. While specific issues remain to be resolved, the proposal for redevelopment to a residential subdivision is supportable and has been well received by the community.
- **Surplus Land Adjacent to Braemar Elementary:** This proposal for seven bare land strata single family lots is at the detailed application stage for OCP, rezoning and subdivision. The concept is supportable from a staff perspective and the developer's public information meeting was held. We anticipate proceeding to Public Hearing in late June.
- **Surplus Land Adjacent to Argyle Secondary:** Council has approved the subdivision and rezoning of this site for townhouses.

4. *Conclusion of a purchase agreement for the sale and transfer of the Keith Lynn site to the District of North Vancouver prior to March 31, 2014.*

Since the Minister's letter of March, 2014, District Council has instructed staff to proceed with negotiations leading to acquisition of this property by the District of North Vancouver for public purposes. The District and Board are actively engaged in negotiations, with an offer to purchase recently presented by the District.

5. *Statement from the District of North Vancouver ensuring that its OCP amendment and rezoning processes will continue to support the Board's disposition of Monterey Elementary, as this is a critical element in the repayment of the Board's new borrowing.*

We believe the active progress on redevelopment proposals for Monterey and Braemar is sound evidence of the District of North Vancouver's support. The Minister will be aware that it is not possible to commit to outcomes of OCP amendment and rezoning processes, so it is hoped that the foregoing detail addresses the concern raised in your letter regarding "uncertainty around the granting of necessary rezoning."

The Board of Education remains committed to the replacement project for Argyle Secondary School and we ask for the Minister's support in providing the approval to proceed with the replacement, rather than the seismic project. A replacement school will be constructed to a higher seismic standard, will be more energy efficient and sustainable, and provides for a sound financial investment for the future, eliminating costly upgrades that would be necessary if a seismic project were to proceed. Given that Argyle is the secondary school serving the Lynn Valley Town Centre, a designated growth area for the community, the Board of Education and the District of North Vancouver believe strongly that the investment in this school is warranted.

We wish to reiterate that the request for borrowing authority is simply a contingency request, should the Board of Education be unable to achieve the targeted surplus property sales on the timelines built into the plan. Again, we ask for your commitment to authorize the borrowing in order to proceed with the full replacement of Argyle Secondary School.

We would be pleased to meet with you and appropriate Ministry staff to address any remaining concerns to enable this project to move forward at the earliest opportunity. . . Continued delays will prevent us from addressing the existing seismic risk in the most appropriate manner for the benefit of our students, staff and community.

Respectfully,

NORTH VANCOUVER BOARD OF EDUCATION

DISTRICT OF NORTH VANCOUVER



Franci Stratton
Chair



Richard Walton
Mayor

/mg

School District No. 44 & District of North Vancouver Response to
Minister Fassbender's letter of March 13, 2014

June 5, 2014

Page 5 of 5

cc: Board of Education, School District No. 44 (North Vancouver)
North Vancouver District Council
Mayor Mussatto and Council, City of North Vancouver
Ralph Sultan, MLA West Vancouver-Capilano
Jane Thornthwaite, MLA North Vancouver-Seymour
Hon. Naomi Yamamoto, Minister of State for Small Business, MLA North Vancouver-Lonsdale
John Lewis, Superintendent of Schools
Georgia Allison, Secretary Treasurer
David Stuart, CAO, District of North Vancouver
Joel Palmer, Executive Director, Capital Management Branch