

Councillor questions ballooning price cost of JOC

How did the JOC budget go from \$15m to \$26m? That's a question many are asking, including me. Let's start with the need. Yes, I firmly stand behind the need for a new Joint Operations Center (JOC). I was supportive of this project from its inception.

How did we start? A March 20, 2012 staff report stated, "The capital and land acquisition cost estimates for this project in 2011 dollars is \$15M?". The July 17 staff report then told us that the project is now \$16.9 million and stated, "The cost adjustments are primarily related to the specific site conditions." About \$2 million extra mainly because the preferred site on Industrial Pkwy. N has some development challenges.

Funding for the project was broken down as follows: \$3m from the sale of the old JOC (Scanlon), \$3.8m from development charges (DCs), \$7m from the future sales of Leslie St. lands and the balance would come mainly from reserves (about \$2.7million). I continued to be in support of this project.

This is where things started changing. In reviewing the financial contribution from R&R reserves, in a September 18, 2012 report it was stated, "Due to the existing significant shortfall in the sufficiency of the Town's Repair and Replacement reserves, Finance Staff reviewed all other possible and reasonable sources of funding." It also stated, "Replacement of the Scanlon facility and major upgrades were previously expected and included in long term financial plans".

We now realized we cannot rely on the funds that were collected for this very purpose and were supposed to be in place.

\$2.7m funding from reserves was removed and DCs were increased to \$5.5m. However, the same report indicates "The current balance in the Parks DC is overdrawn by \$5,464,000". So let's break it down: we were first told we could fund about \$3 million from reserves, and then told the reserves are "currently insufficient" and we will be relying more on DCs from an account that is \$5.5 million in the red.

It gets better. We were told in March 2012, as stated above, that \$7m would come from the sale of Leslie Street lands because "It is conservatively expected that over the course of the next six years, the total proceeds of sale of these lands will exceed \$20,000,000 for the town".

However, in the December 3, 2013 report we were told, "the timing of the realization of the lands listed for sale is not entirely predictable, however", it is reasonable to expect that at least \$10m of land sale proceeds will be realized within the next ten years by the town.

First we were told \$20m in six years, then \$10m in 10 years. Do we really have a grip on where the funding is coming from? We no longer felt confident that we could realize the sale of lands on Leslie, so we reduced the contribution from \$7m to \$5.8 and an increased DCs from \$5.5m to a whopping \$12.2m.

How can we increase the DC contribution from the originally stated \$3.8m to \$12.2m, you ask? The same report that now underestimated the reliance on sale of land funds stated, "Based on the preliminary results of the ongoing [Draft] Development Charges Study, the project can be funded by DCs to the amount of \$12,200,000". This funding is based on a draft DC study that has not been approved by council or vetted by the development community.

So what was the total ticket price? \$26,749,500.00.

How will it be funded? "upon completion of the project, and all costs being finalized, that the Treasurer report back to Council with long term debt financing options and recommendations to refinance the above construction line of credit."

Basically, months before an election, let's decide to build the largest capital project this Town has ever seen, figure out what it finally costs, then develop a debt-financing plan.

Let's press the pause button, wait until the DC bylaw is approved, have a better understanding of how it increased by \$10m and only after we have sold some of the Leslie Street lands.

We are spending beyond our means. Would you undertake this expenditure, in this context, in your own business or household? I think not.

Councillor John Gallo
Aurora