

## Library Square line of credit up for Regional review this month

A construction line of credit recently approved by Council to help fund the redevelopment of Library Square will be up for review and approval by the Region of York this month.

Council approved a revised financial strategy for the expansive redevelopment of Library Square last month, including the public gathering space between the Aurora Public Library and the Church Street School, the addition onto the historic landmark and a bridge to connect the two buildings over the Square itself.

This revised strategy included a construction line of credit which municipal staff said would allow for the "greatest cash flow flexibility at minimal cost to the Town."

But this construction line of credit must be secured by the Regional Municipality of York, according to Rachel Wainwright-Van Kessel, Aurora's Treasurer and Director of Finance.

This approval is scheduled to reach the Regional Council table this month, following approval at the municipal level on August 25.

"It is a requirement of the Municipal Act that the upper tier must secure the debt," she said of the Region. "The upper tier municipality also has a credit rating which is why they are actually able to issue debt and they [do so] on behalf of local municipalities. Their process is it must be approved by the local level first before it is approved by the Region."

But the stipulation the Town had to sign off on the debt before it is even approved by the Region raised concerns from Councillor John Gallo.

"It seems a little odd to me that they are relying on an upper tier municipality to underwrite it, yet they wait for us to approve it first and we are approving this, once again, subject to their approval," said Councillor Gallo.

The Councillor suggested the wording of the motion be changed to "subject to" the Region's approval but the Treasurer said it was "very unlikely" that approval would not come based on her "experience in working at the Region."

"I appreciate that, but they have not approved it," Councillor Gallo continued. "They have not officially approved it and the appropriate thing for us to do is, if they need our approval, we, like we always do, we approved it subject to them approving it and underwriting it. That is not what is before us. We are approving this outright and crossing our fingers hoping they will do it, but if they don't, then we don't have approval."

"Under normal circumstances, you're probably 100 per cent right. In today's environment, I bet 99.9 per cent of the people in March, if I told them there was going to be a global shutdown they would laugh in my face. We have to take that into account. We can't ignore it. Obviously, I can't agree to this on principle. How could I agree, sitting here as a Council member, to \$38 million, knowing full well the Region has to underwrite it in order for us to get it and their meeting is in September?"

Other Council members, however, were more comfortable moving forward.

Responding to further questions from Councillor Rachel Gilliland, Ms. Wainwright-Van Kessel said the line of credit is similar to a home equity line of credit that can be drawn upon on an as-needed basis rather than taking all the money up front like in a traditional mortgage.

"The advantage of this with the \$38 million ceiling is we are able to take our money and invest it during that period of time and that continues through the period of time when we hit substantial completion," said Ms. Wainwright-Van Kessel. "At that point, we have to convert that Line of Credit into either a floating rate capital loan or into a long-term debenture. We are proposing going forward

with that floating rate capital loan for a period of up to five years and that is also at a variable rate.

?If we were to take just for a round example, \$20 million and invest it for over the next 18 months we could earn a rate of return of 1.7 per cent on that amount, which would, after we pay the interest on the loan, would be earnings of \$300,000, based on the current rates that we have today.?

This was key in Councillor Michael Thompson's support for the financial plan.

?Since we were first presented with the fiscal strategy back in March 2019, I am sure we have all taken the time to speak to staff, ask questions, explore alternatives [and gain] a strong understanding of what is being proposed and why,? he said. ?I know I did and I am satisfied that our highly experienced, qualified, and knowledgeable staff have done their due diligence and have presented us with the best fiscal strategy to pay for this project, manage the day to day operations of the Town, and to minimize the impact to the taxpayer.

?Even when this project is finished and the line of credit is paid off, we will still have over \$70 million total in our reserve accounts. The money is already in the bank and we can afford this project without any undue pressure to the taxpayer. As for your taxes, the past five years we have adhered to our budget principles of inflation plus 1 per cent for growth. This means from 2016 ? now the average tax increase has been 2.95 per cent over that period of time and we have planned to maintain taxes around 3 per cent for the foreseeable future?This decision was made by Council before COVID and will not, in my view, increase substantially after COVID.

?In terms of real dollars, the tax pressure from Library Square accounts to, on average, \$12 or, if you divide that pressure on 2021 and 2022, \$6 a year. I can assure you that everyone around this table will be looking for savings and ways to mitigate that pressure so there is no additional increase to your taxes.?