One-time 1% tax hike could help finance Library Square

By Brock Weir

The redevelopment of

Library Square, including a three-storey addition to the Church Street School, could top an estimated \$37.9 million budget ? but a Federal grant could offset costs by more than \$14 million ? along with a one-time tax hike of 1 per cent in 2020.

This, according to a

financial strategy set to be presented at a Special Council meeting this Thursday, March 21, dedicated to Library Square.

This week, municipal

staff will recommend to Council the approval of the addition at a cost of \$27.2 million, the creation of an outdoor space, including water features and a trail-shaped ice rink, at a cost of \$8.36 million, and a new strategy to address parking concerns at a cost of \$87,882.

Throughout Council's

extended debate over each of these big-ticket items, costs for both construction and operations, have been in sharp focus and Thursday will provide some clarity with the presentation of a financial strategy to make it all happen.

According to a report

from Jason Gaertner, Acting Treasurer for the Town of Aurora, estimates to bring Library Square to fruition vary between \$35.6 to \$37.9, but when grants, using money in reserves, and debt financing are combined, only \$3.5 million of Aurora's Hydro Reserves, will be needed on the final invoice.

?As the total

proposed required investment for the Library Square project is significant, a sound funding strategy is essential,? said Mr. Gaertner in his report.

The first option on

the table is a \$1.6 million infusion from Development Charges (DCs), money paid by incoming developers to account for future municipal growth. The bulk of the money in this option, if approved by Council, will come from DCs set aside for library use. DC reserves dedicated for Parks Development are current in a negative balance.

The second component

is Community Benefit Fees, which are also collected from developers. This reserve stands at \$2.6 million and staff recommend using this full pot for Library Square.

The third is the

proceeds from the sale of municipal lands. Much of this money -- \$7.1 million?

comes from the sale of business lands on Leslie Street, the report notes, and this full amount will be applied to the Library Square project.

Debt financing is

another option on the table. Here, Mr. Gaertner's report recommends taking on a 20-year debenture of \$6.7 million at a rate of 3.26 per cent.

?This external debt

would subsequently be repaid in a controlled fashion through?the DC funding sources and a dedicated one-time tax levy increase of 1 per cent, which would be applied wholly to the 2020 levy, or phased in over two fiscal years,? says Mr. Gaertner. ?Once this noted debt has been paid off, the equivalent dedicated tax levy increase can be removed.?

Should these be

approved, the Town will then take \$3.5 million from the Town's Hydro Reserves, an account currently standing at \$31 million, to go the rest of the way.

?Because of its

significant balance and the Town's ability to invest these funds over a longer term, these funds have become an important contributor to the Town's annual investment income, which is utilized to subsidize the Town's operating budget, as well as to further top up all reserve balances,? says Mr. Gaertner. ?Consequently, any draw on this reserve is likely to have a material impact on the Town's annual investment income; as well as deteriorate the Town's general reserves health. Keeping this in mind, staff recommend that the utilization of this reserve as a funding source be minimized as much as possible.?

Revenues from the

Hydro Funds are also being used for the redevelopment of the historic Aurora Armoury.

Finally, the \$14

million balance is expected to come from grants.

?In support of this

much-needed new cultural community asset, staff have now submitted the Town's grant application to the Federal Government's Canada Cultural Spaces Fund for consideration,? says Mr. Gaertner. ?In this regard, as soon as the addition to the Church Street School project has received final Council approval, a fundraising consultant will be hired to conduct a feasibility study and to provide guidance in setting up a community fundraising plan that will work for the Town of Aurora.

?In addition, staff

are investigating another grant opportunity (Building Communities Through arts & Heritage? Legacy Fund) that could potentially be utilized as a funding source in support of the construction of the outdoor space. Staff have already, or intend to, approach Provincial and Federal representatives in an effort to explore further potential funding sources for all components of the Library

Square project. Depending upon the outcome of fundraising efforts, the Town will adjust its funding plan accordingly in order to ensure sufficient funding is available.

?Should a lower than anticipated grant value be ultimately awarded, any related funding shortfalls could be drawn from the Hydro Investment Reserve, or adjustments to the debt portion of the recommended funding strategy could be made.?