

Weaning off Hydro money gives some Councillors growing pains

By Brock Weir

When Aurora's 2013 budget is approved on Tuesday, the Town will take one further step in weaning itself off interest from the Town's Hydro Reserve account.

Since the Town sold Aurora Hydro, much of the interest collected from the \$33 million pot had been skimmed off and put back in the Town's budgets to help lessen the direct impact on taxpayers. When these funds were initially established, however, this was intended to maintain a balance in the books to account for the shortfall of incoming revenue from the municipal power company.

But the initial intention was to eventually wean the municipality off the funds.

Other Councils had reduced this number in increments, but the current Council has not, until this year.

Early in the budget process, Council decided to finally get on with it and reduce the amount taken from the Hydro Reserve interest to cushion the tax blow by \$100,000. Proponents of the move, particularly Councillor Michael Thompson, who made the initial suggestion, said the continual skimming off of the interest from the Hydro Reserve Account would ultimately reduce its purchasing power as Council has yet to decide just what to do with the nearly \$34 million in the account.

When the budget came up for committee approval last week, however, Mayor Geoffrey Dawe suggested it would be worth taking a second look at the move before the document is approved by Council this week.

"We have had discussions about reducing our dependence on the interests from the hydro reserves by \$100,000 and while I fully appreciate Councillor Thompson's point of view, I don't necessarily support them," he said, wondering the impact of putting off the deduction "until we get a better sense of what to do with the hydro money".

"I fully appreciate the point that when you're taking interest out you're eroding the capital and there is no doubt merit, but it might make sense to postpone this for a year just until we get a sense of what, if anything, we're going to do with the hydro money."

The postponement, however, failed to gain any traction at the committee level.

"I agreed that taking interest and not putting it back in reduces the purchasing power of our hydro fund," said Councillor John Abel.

Added Councillor Thompson: "We need to be fiscally prudent and follow these wishes that were established before, and like Councils before, make that effort to wean ourselves off those funds. I know we have a lot of challenges, but I wish it could have been more than \$100,000 myself. It is a start, and I would like to see us make an effort in our second year."

Similar concerns about the erosion of the funds were also expressed during the meeting from Town Treasurer Dan Elliott.

"By doing that we are preserving the purchasing power of those funds, which I have expressed concerns that they are eroding if we continue to rely on that interest," he said. "Moving away from that reliance on the interest will help preserve the purchasing power of those funds."

Over the past two years, the majority of the discussion surrounding the hydro funds have centred on what to do with the nearly \$34 million in the bank. Suggestions have raised from re-investing it back into the system to lessen the tax rate to building something "spectacular" for future generations.

The Town ran a survey this fall and concluding in the winter, over 50 per cent of the 180 respondents said they wanted lower taxes. At the time when the results came in, several Councillors agreed that it may have been a mistake putting this option on the table for

the public's consideration in the middle of the furore over the initially proposed 8.2 per cent tax hike, which has since boiled down to 3.42 per cent.

?I don't think there was any appetite amongst those of us at Council to move forward with that 8 per cent tax hike and I think that skews the results that came back through the community consultation,? said Councillor Thompson. ?Had it been more reflective of where we want to go with our taxes or what we would try to achieve, I think you would likely see different results one way or another.?

Councillor Chris Ballard said he shared his concerns and at the end of the day it was akin to the adage of ?be careful what you wish for.?

?Be careful asking a question if you're not going to do something with the answer,? he said. ?We raise people's expectations that you're asking and then we don't do anything with it. I think if we got taxes down to zero and asked the question people would still say they want their taxes lowered. They would say distribute the \$32 million amongst the residents of Aurora.

?I think it is a lesson to all of us that we better be very careful about asking questions if we're not going to act on the answers and think very carefully about what questions we do ask.?