

FOR IMMEDIATE RELEASE
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Addressing Financial Misinformation about the New Twin Pad Arena/Library Project

Wasaga Beach – On August 10th the Town advised the community that it was unsuccessful in obtaining grant funding from senior levels of government for the \$59.9 million dollar twin pad and Library project. Although disappointing, the Town is still pursuing other grant programs as they are announced.

Since the announcement misinformation has started to circulate in the community about the potential tax rate impact of the project proceeding without grant funding. Comments of \$5,000 per household cost and tax rate increases up to \$1,500 per household are simply not true.

In late 2019 a preliminary financial plan was prepared by the Treasury Department on how to finance the new facility. The plan is now being revisited based on information about the grant.

The following explains how the majority of major capital projects are funded.

The Town has been planning for the replacement of the existing arena, new indoor recreation space and a new larger library to meet the needs of the community for several years. To help pay for these projects the Town has been collecting **development charges** from new development. Development charges are the fees paid by new residential and commercial development toward various capital projects that benefit new residents.

This money has been placed in **reserves** and will be used to help fund this project. The Town is just completing a new Development Charge study that will be presented to the public in October. All new development that occurs in Wasaga Beach now and in the future pays for a portion of the new facility through development charges.

Another source of revenue is **debt**. Quite often municipalities incur debt (called a debenture) to help finance projects of this size. This is very similar to a mortgage that a homeowner takes out on a home purchase. The use of debt spreads the cost of the asset over several years and enables future property owners to pay for a portion of the debt. The cost of debt is quite cheap these days. Anyone that has remortgaged a house or purchased new will tell you it is a good time to take out a mortgage.

Debenture rates are quite low as well and hopefully will stay that way for the next couple of years.

For large community based projects there is often a **fundraising** component. Campaigns are organized and residents, organizations, business people and corporations are asked to contribute. The Town was very successful in the mid-2000's in fund raising for the RecPlex and the Library has already received the benefit of some fund raising initiatives. A fund raising campaign is being planned for this project.

The Town spends approximately \$2.4 million dollars per year in tax revenue to fund various capital projects. (2020 Capital Budget) Council will be reviewing its capital plan for the next few years to determine the priorities for the municipality and make adjustments to help finance the project. The **reallocation of existing tax dollars** is also used by municipalities to help finance capital projects.

There is no doubt that a **grant** would help in the financing of the project. The Town will continue to pursue grant opportunities to lower the net cost of the new twin pad arena and library project.

There are also **other funding mechanisms** that the Town will be exploring.

Please be aware that some of the information currently being circulated is not accurate, is simply speculative and reflects a lack of understanding how large municipal infrastructure projects are financed.

To obtain the facts, contact the Clerk's office to confirm the date (September 10th or 17th) the Treasurer's financial analysis report will be presented to Council.

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For media requiring additional information, please contact:

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