

Advance funding saves \$10M: Ferguson

Far from it costing Dufferin, Wellington and Guelph money to finance the new Health Unit's buildings in the way they have chosen, Chuck Ferguson says he's been told that the three municipal partners are saving at least \$10-million.

Mr. Ferguson is the communications director for the Wellington Dufferin Guelph Public Health unit. In a phone interview last Thursday, he said the municipalities are actually buying the buildings for the health unit.

The way in which they have chosen to pay might be a bit complex but Mr. Ferguson said it's not really all that complicated.

The municipalities, he said, could have either advanced the full funding for the new structures ? as they have chosen to do ? or let the health unit borrow the funds on the market at whatever the going rate of interest might be.

No matter which way was chosen, the municipal partners are responsible for the health unit's operating costs. Had the health unit borrowed on the open market, it would have faced higher interest rates than the market would charge the counties and the city.

So, in the chosen system the health unit is borrowing from the municipalities at 3.43% over the next 20 years ? or less than it would have paid at market rates.

Repayment of the loan to the municipalities on an annual basis is offset by the health unit's levy on the counties and city for annual operating costs.

Simply stated, the municipalities are paying the next 20 years of an annual levy in advance.

In Dufferin County's case, the cost of advancing \$4-million would be a reduction of the interest it might have realized on its investments elsewhere of the money, according to the earlier report by Treasurer Alan Selby.

By Wes Keller