

Text of letter to editor – Feb 12, 2016 - Hydro seeks lender

The statements by Todd Wilcox concerning the request by the City for repayment of its loans are unusual.

Paying principal and interest to an outside lender is the complete opposite of the current situation where the loans are between the City and Hydro.

Hydro's apparent "indifference" to this fact indicates that it is a non-issue that Hydro will be required to use \$25.6 million of North Bay taxpayer funds to repay loan principal. It also indicates that the \$1.25 million that the City will be losing in interest revenue is a non-issue.

Hydro's stated laissez faire attitude is also in direct conflict with the statement made by the Mayor, in defense of his plan, that Hydro wanted the City to call the loans.

Suggesting that the utility's goal is to "make sure the business isn't any worse off" indicates a total misunderstanding of the situation. How can the business and more to the point, taxpayers, not be worse off if during the next 20 years it will have paid out \$25.6 million in principal payments to an outside lender plus taxes on the \$25.6 million to the Province?

Rather than saving money, the City's plan to pay off the commitment to the Hospital in a lump sum will add a cost of approximately \$1 million over the next 20 years. The entire plan, including paying the Hospital commitment, will add an additional cost of \$1 million per year over the 20 year period as compared to having the City borrow the funds directly.

This entire catastrophe rests at the feet of the mayor, his advisors and those council members who supported this plan. There is a reason that the recent Baylor survey indicated that 46% of residents do not trust City Hall. Taxpayers may not understand all the aspects of this "plan" but they know enough to realize that when the City is borrowing money to cover current operating expenses, the mayor and council have lost complete control of the situation. They also know enough to realize that having Hydro borrow money in the place of the City borrowing money does not reduce their municipal tax burden.