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TERM EXTENSION OF SHORT-TERM LOAN WITH THE COMMUNITY SAFETY VILLAGE OF YORK REGION

The Finance and Administration Committee recommends the adoption of the recommendation contained in the following report, May 26, 2004, from the Commissioner of Finance:

1. RECOMMENDATIONS

It is recommended that:

1. The term of the short-term loan between the Region of York and the Community Safety Village of York for up to $500,000 be extended from September 1, 2004 to September 1, 2005.

2. PURPOSE

In response to a request from representatives of the Community Safety Village of York Region (CSVYR) this report outlines the need to extend the term of the short-term loan with the CSVYR to assist in the development of their new facility at Bruce's Mill Conservation Area.

3. BACKGROUND

On March 27, 2003 Council approved a short-term loan for up to $500,000 to the CSVYR to assist in the construction of a unique facility aimed at educating children, teens, seniors and those with special needs on safety issues. Construction of the facility commenced in April 2003 with completion expected by fall 2004. The purpose of the short-term loan is to provide interim financing until such time as funding is received from donations and the "sale" or sponsorships of building sites on the property.

4. ANALYSIS AND OPTIONS

In its original request, the CSVYR anticipated interim financing needs of approximately $500,000 for a 17 month period commencing April 2003 to be repaid in full by September 1, 2004. To date, however, they have made no draws on this loan due to delays in the development of the project. Further more, any construction costs incurred so far have been paid from funds previously received from charitable events, donations, and the "sale" of building sites.

As the cash flow from the receipt of the remaining donations and sponsorships is expected to extend into 2005, the CSVYR now anticipate they will require the short-term loan for approximately 15 months commencing June 1, 2004 with repayment no later than September 1, 2005. As previously approved, the loan would be interest free.

5. FINANCIAL IMPLICATIONS

Funds to cover any draws made on the short-term loan would be provided from the General Capital Reserve. Although monies advanced are to be repaid in full, the General Capital Reserve would forego any potential interest that would have otherwise been earned on those funds.

6. LOCAL MUNICIPAL IMPACT

There is no local financial impact to this report.

7. CONCLUSION

The request to extend the term of the short-term loan from September 1, 2004 to September 1, 2005 will have no additional financial impact on the Region as the CSVYR have already delayed making any draw on the existing interim financing facility by over a year. By fulfilling their request for interim financing, the CSVYR will be able to complete the development of the facility.

The Senior Management Group has reviewed this report.