

COUNCIL REPORT

To: Mayor & Council

Date: June 30, 2009

From: Bill Preisentanz, CAO

Re: Agreement – Lake Navigation (MS Kenora)

Background

There has been ongoing lease discussions with Lake Navigation for the past 5 years and the recent decision by the Kenora Port Authority at their June 26th meeting has resulted in a final resolution and subsequent agreement of the terms and conditions at the Committee level. Some of the background information may be helpful for Council in taking the final step of ratifying the new lease agreement.

In 1989 the Town of Kenora ratified a 15 year lease with Lake Navigation for use of the Harbourfront to operate the MS Kenora at a rate of \$10.00/foot. As part of the agreement Lake Navigation constructed docking facilities and contributed funding for water and sewer services. In return, the Town provided a bus loading and unloading zone as well as bus parking at the former Bayview parking lot. The City applied to MNR for a license of occupation for the boat slip and in return Lake Navigation paid the annual license fee. In summary Lake Navigation was required to pay:

- Municipal taxes plus BIA levy
- Ground rental of \$10/foot = \$650.00
- MNR 2004 Land use permit (\$1,799.42 in 2004)

So, prior to the expiration of the lease in April 2005 the Kenora Port Authority met with Al Luby and proposed a renewal lease taking into consideration the changing tourism trends and the substantial financial commitment made by local investors to keep the MS Kenora a viable tourist attraction. While the terms of the lease were somewhat streamlined, two leases were established i) dock area ii) storage building, and could be summarized as follows:

- 5 year term with a further 5 year option to renew at agreed upon terms
- \$5 million liability/environmental liability coverage
- Lake Navigation to be responsible for maintenance and operational costs
- \$1300 + GST (\$20/foot)/annum for dock area
- \$100 + GST /annum for storage building

Recommendation:

That Council of the City of Kenora hereby give three readings to bylaws ratifying lease agreements with Lake Navigation for the dock area and storage building on the Harbourfront for a 5 year term effective May 01, 2005 with a subsequent 5 year renewal provision based on terms agreeable to both parties.