



July 9, 2012

City Council Committee Report

To: Mayor Canfield & Council

Fr: Charlotte Edie, Treasurer

Re: Kenora District Services Board Debt Financing Request

Recommendation:

Whereas the Kenora District Services Board (KDSB) has submitted a Request for Expression of Interest seeking financing options relating to the newly constructed Land Ambulance Base located in Kenora, Ontario; and

Whereas the investment goals of the City of Kenora do not coincide with this type of investment;

Now therefore, let it be resolved that the City of Kenora not respond to the KDSB Request for Expression of Interest requesting construction financing in the amount of \$2,800,000 for its new Land Ambulance Base.

Background:

The City of Kenora received a Request for Expression of Interest from the KDSB seeking financing options for the newly constructed Land Ambulance Base in Kenora, Ontario. They have invited Canadian financial institutions and district Municipalities to respond.

At present the Citizens' Prosperity Trust Fund has committed \$8,787,923 to long term investments for the City of Kenora's capital projects. Investing in the Land Ambulance Base would further increase the commitment to long term investments possibly restricting future use by the City of Kenora for capital projects.

Over the course of the last few years the City has completed numerous large capital projects. As a result short term investments were collapsed to deal with the capital requirements. In order to have funds available for future works any excess funds held by the City would more prudently be transferred back to the short term investments in order to be available should the City decide to use

reserves for these projects. As at 31 December 2011 the short term investment to reserve/reserve fund ratio is 9%. It is in the City's best interest to increase this ratio to be better prepared for future opportunities.

It is important that Council retain the flexibility of accessing internal financing first for City priorities and determine City needs before committing a significant portion of the Trust or City funds to long term investments that are not readily accessible.

The Lake of the Woods Development Commission has identified numerous economic development priority initiatives that Council will want to consider. The City, too, has identified a number of potential priorities, and in addition continues to face ongoing and significant infrastructure demands that may need to be financed through long term debt.

Budget: No budget impact.

Communication Plan/Notice By-law Requirements:

Communication with the KDSB required only if the City was interested in the Expression of Interest.