



Council Memorandum

Date: October 8, 2019

To: Council

From: Ron Ashmore, Councillor Ward 6

Re: Kawartha Lakes Alternative Financing for Capital and Operating Pressures

Recommendation

THAT the memorandum from Councillor Ashmore regarding **Alternative Financing for Capital and Operating Pressures** be received;

THAT staff be directed to study alternative sources of funding for Kawartha Lakes' capital and operating needs;

THAT staff explore the creation of Kawartha Lakes "Savings Bonds" as a method of increasing our Capital funding;

THAT staff report back to Council by the end of Q3, 2020 with alternatives and additions to the current sources of funding for capital and operating budgets; and

That this recommendation be brought forward to Council at the next regular council meeting.

Rationale

The municipality of the City of Kawartha Lakes is projecting a budgetary shortfall in the immediate and long term to accommodate future capital and operational requirements. Presently our capital budget exceeds our available funding. Although sound financial management practices are in place, tough financial decisions will have to be made by the present and future Councils in order to have a sustainable financial picture for Kawartha Lakes.



Presently our sources of funding are: property taxes, development charges, water and wastewater taxes, investment income, provincial and federal subsidies/transfers, licence and permit fees ,user fees, gas taxes and OMPF (Ontario Municipal Partnership Fund).

Other alternatives will be to raise taxes, user fees and increase our debt ceiling. With the current provincial government grappling with massive inherited debt, we also cannot rely on guaranteed financial support in the future from all levels of upper government.

The time for new ideas has arrived. We need to think “outside the box” and create new sources of revenue and funding. At present large tax increases will not provide enough revenue nor will increasing user fees be the solution. I have created the term “Kawartha Lakes Savings Bonds” as one alternative to our funding dilemma. In this plan those who have the means to do so can invest in these municipal bonds and at the same time receive a rate of return. In the meantime, their investment stays in our communities and benefits us and our future generations. Potentially this plan will give us the needed capital funding to bridge the gap to fill not only our needs but our wants in the next decade. Municipal bonds, usually are earmarked for a particular project or they can be used to build up the municipality’s cash reserve. They make interest payments at regular intervals and have a set maturity date for their investor.

To make this easier, municipal issuers are exempt from having to file a prospectus. This cuts down on the administration to create these new capital and revenue sources. Other alternatives may be to issue equity shares in the corporation which potentially may give even more funding and allow us to plan well into the future . The ultimate goal of this whole exercise is to give us more financial independence and freedom to control our own communities thus making Kawartha Lakes an even more attractive municipality to live and work in and most importantly provides financial sustainability for future generations.

Ron Ashmore

Councillor Ward 6

City of Kawartha Lakes.