

November 22, 2011

M. Hayward
City Treasurer, Chief Financial Officer

I hereby certify that the Municipal Council, at its session held on November 21, 2011 resolved:

That, on the recommendation of the City Treasurer, Chief Financial Officer, the following actions be taken with respect to the discussion paper, dated June 21, 2011, on capital assets and revenue alternatives from the City Treasurer, Chief Financial Officer:

- (a) the principles highlighted in Appendix A of the discussion paper regarding identifying asset sales and revenue alternatives **BE ADOPTED:**

APPENDIX A

PRINCIPLES FOR IDENTIFYING ASSET SALES AND REVENUE ALTERNATIVES

1. A long term view should be considered when contemplating an asset sale.
2. The proceeds from the sale of asset should be used in the following priority order:
 - a. reduce debt, it being noted that reducing debt reduces current and future tax increases due to reduced interest costs;
 - b. invest in assets that produce a return on the investment that considers both the financial and non financial (service value adds); or,
 - c. invest the proceeds and use the interest to provide on-going contributions to economic development initiatives.
3. The proceeds from the sale of an asset should not be used:
 - a. to reduce tax rate/budget pressure;
 - b. to provide a source of funding for a new asset that does not produce a return on investment; or,
 - c. to fund on-going/permanent expenditures.
4. The short and long term impact of an asset sale must be carefully analyzed and should be supported by a business case. For example, the sale of a redundant parcel of land generally makes good business sense. However, most other divestment opportunities require an analysis of relocation and/or exit/re-entry costs, valuation and market timing, community impact, and long term cost and service standard issues (e.g. a sale-lease back of recreational facilities).
5. Assets that are owned by the municipality and provide non-core services, as deemed by Council, represent the best opportunity for sale. Some asset sales or service divestments may generate a perfect win-win result by generating short term revenue and long term operating cost reductions.
6. The community impact and continuation of provision of service must be considered with any sale of City assets. Assets that create a new revenue stream are of most interest to potential purchasers. It is important to realize however that a profit element and financing cost often enters into the rate setting process provided by the purchaser.
7. With the sale of any asset, the City's risk associated with carrying the asset should be transferred to the buyer. For example, a City owned parking lot carries the risk that the expense of maintaining the lot exceeds the revenue received from the lot. If the City sells the parking lot, the buyer assumes this risk after purchase.
8. Any transfer of assets should be at fair market value to avoid any contravention of the *Municipal Act* such as bonusing.

The Best Means of Achieving These Principles

- Keep these principles front and center in discussions on revenue opportunities.
- Allow sufficient time for Civic Administration to adequately review revenue opportunities and invest in consultants where necessary to provide specific expertise.
- Public engagement and consultation with appropriate community partners should be considered a best practice when considering the sale of any City asset.