



October 7, 2011

## Message from Kindersley Town Council: Straight Facts

It is time to straighten out the facts about the temporary \$5 million borrowing for the Town. Kindersley is going through a time of amazing growth and opportunity and has not seen this much rapid growth in decades. In order to facilitate this growth for the long term, Kindersley has undertaken a number of long range infrastructure projects: \$20 million water line enhancement (of which \$10.2 is financed and will be paid by the water utility over a 15 year time frame); \$3 million for a new water tower; \$1 million for upgrades to the lagoon; lift station upgrades; yearly paving improvements; over \$1 million invested to bring Rosedale Phase 7 on stream; and of course, \$12 million for Phase 1 of the Multi-Use facility. This does not include the airport's \$1 million upgrade and \$2.25 million Medical Arts Facility that is being built with a partnership of many of our surrounding municipalities.

When a business or community expands, there are always financial challenges. Interim borrowing during large construction projects is common. As mentioned in last week's Clarion article by Ken Brown, grant payments have a time lag and when there are large payments on two big projects that happen during the same three months, you will have some difficulty. Originally, these projects' major cash flows were to be separated by a number of months, but delays in material for the Water West project, along with faster than anticipated progress on Phase 1 of the Multi-Use Facility, brought both peaks of spending together. Long term methods of payment of these debts have not changed.

Phase 1 of the Multi-Use Facility has been framed by our local columnists as a contentious issue which is not constructive to the process nor does this have anything to do with Carver Governance. Let us again look at the facts. Council was always clear and open about the whole Multi-Use project. Insurance is a major part of why Phase 1 went ahead. \$8 million will be paid by this source. Without it, we would not be able to build a replacement for Exhibition Stadium nor would we be able to enhance it with the running track or second floor mezzanine with multi-use rooms for the whole community. Typically, insurance claims need to be finalized in 2 years. If we would have waited to replace the arena, there would have been escalations in cost, so a \$12 million project today will cost \$13 million next year. Look at Moose Jaw where, instead of \$34 million, it turned into over \$60 million in a few years.

Not replacing Exhibition Stadium would have netted a \$4 million cash payout instead of \$8 million. Insurance will not let you replace an arena with a pool or performing arts theatre. We would have left \$4 million on the table and would not have a running track. You can't build an indoor pool for \$4 million, you need \$10-12 million to do it right. The same is true with a proper performing arts theatre. Our best result for Kindersley was to move forward with Phase 1. We know that impatience is natural, but Phase 2 will require grants from Provincial and Federal Government programs to do it right. Council is looking at long range solutions, and not patching Kindersley's needs with quick facilities that will get us by. We have presented a vision of Kindersley with great services and amenities, now it is time for the majority of the community to get behind the project so Phase 2 will become a reality. **By questioning the path we are taking, we all risk achieving the vision that is right in front of us.** We will continue to dialogue with the Province and Federal Government on appropriate funding models so that Phase 2 will be built.

The anticipated amount actually needed to manage through this situation is \$4 million but, to be sure, \$5 will be applied for. To repay the amount borrowed, we will continue to pursue confirmation of Provincial contributions following the election, along with \$1-2 million from cooperative implementation of a new destination tax similar to what Saskatoon and other cities charge on hotel rooms (which will also assist in funding Phase 2), and \$1 million through fundraising and sponsorship. This is consistent with press releases throughout the last year and a half of how Phase 1 would be funded.

As for methods of public notice, there has been no intent to hide details from the public, but instead use a more modern method of public notification. From interviews, articles and editorials, of the past week and news broadcast on the radio, the traditional sources have provided information to the public without paying for an ad. Beyond that, mail kiosks, the Kindersley website, Facebook and Twitter are proving to be more effective in notifying the public of upcoming events of interest to them like this public notice. We have made great use of the social media and will continue this in the future.

Cities like Melfort which are about our size enjoy at least double the borrowing capacity that we have, making these large projects more manageable. We are working with the Saskatchewan Municipal Board, as requested by the Department of Municipal Affairs, to work through this issue, and we will continue to keep them, as well as the residents of Kindersley, apprised of our progress.

The Council of the Town of Kindersley