

Request for Decision



To: Regular Meeting
From: Financial Services
Date: June 24, 2019
Subject: Reserve Fund Establishment Bylaw No. 2060
Recommendation: **THAT Council gives first three readings to Reserve Fund Establishment Bylaw No. 2060, 2019**

Background

The current Land Sales Reserve Fund Bylaw includes language which restricts the use of funds from this reserve for the purchase of land to that which is required as part of a capital works project. Staff is proposing that the bylaw be re-written to allow for the funding of land acquired for strategic purposes as well. Section 188 of the *Community Charter* states that money received from the sale of land and improvements must be placed in a reserve and used for "acquiring land, improvements and other assets of a capital nature", and does not limit this to land necessary for capital works.

Staff is also proposing that most of the various reserve fund bylaws be replaced by a single bylaw for administrative efficiency and easy reference. There are currently nine reserve fund bylaws in effect, seven of which are proposed to be consolidated into this new bylaw, with rescission of the original bylaws.

The existing development cost charge reserve funds bylaws are under review for potential revision and therefore have been excluded from this process of consolidation.

This proposed bylaw was introduced to the COTW on June 10, 2019 and, as a result of feedback received during that meeting, staff has made some changes to the bylaw as follows:

- added a new reserve fund, the "Transportation Infrastructure Reserve Fund" to allow for cash in lieu of parking contributions to be used for transportation infrastructure which supports alternative forms of transportation such as walking and cycling. Section 3.2 has also been revised to accommodate this addition.
- removed the Capital Reserve Fund from Table 2 and list of repeals. This reserve fund (Bylaw 1854) was established in 2008 and is not fund specific, whereas the capital reserve funds established by Bylaw 2028 are specific to the General, Electrical, Water and Waste Water Funds. Because of the ambiguity associated with having both a "Capital" and a "General Capital" reserve fund, staff has concluded that it would be prudent to exclude the former from this consolidated bylaw. The Capital Reserve Fund will continue to exist under its original establishment bylaw with no changes or impact to the City. Since the 2019 budget includes capital expenditures to be funded from this reserve, staff will review its status after the current year-end, with a view to transferring any remaining balance to the other capital reserves and discontinuing the reserve at that time.

Staff has also made some changes to Section 5 “Transfer of Funds” to allow for transfers between the four capital reserve funds.

As noted in the June 10 report to Council, the original language from the individual bylaws has for the most part been incorporated into the new bylaw verbatim or with minor changes. In some cases, the wording has been changed for greater consistency with the associated legislation. The significant changes are as follows:

Land Sales Reserve Fund

Purpose

- Existing* Any funds to be expended shall be for expenditures for or in respect of capital projects and any land, machinery, or equipment necessary therefore, including the extension or renewal of existing capital works.
- New* To pay any debt remaining in relation to the sold property and/or for the acquisition of land, improvements and other assets of a capital nature consistent with the City's strategic objectives.

Source of Funds

- 3.1 Added the phrase "except for tax sale proceeds".

Cash-in-lieu of Parking Reserve Fund

Purpose

- Existing*
- a) the provision of new and existing off-street parking spaces and in respect of capital projects for this purpose;
 - b) the acquisition of land or the purchase of machinery and equipment necessary to construct and maintain these off-street parking facilities;
- New* To provide new and existing off-street parking spaces.

Community Works Reserve Fund

Purpose

- Existing* Monies in the "Community Works Reserve Fund" will be solely used for the purposes allowed under the Community Works Fund Agreement
- New* To account for funds received and used pursuant to the Community Works Gas Tax Agreement, and to fund projects in compliance with acceptable uses as defined in the Agreement.

Climate Action Reserve Fund

Purpose

- Existing* Monies in this Reserve Fund and any interest thereon shall be used for the purpose of:
- a) Investing in greenhouse gas emission reduction initiatives that contribute to carbon neutral municipal operations; or
 - b) For the purchase of carbon offsets or other similar measures that may be devised in the future to manage greenhouse gas emissions.

New To fund climate action and mitigation projects that promote greenhouse gas reduction, energy conservation, and carbon neutrality, or for the purchase of carbon offsets or other greenhouse gas balancing measures.

General, Electrical, Water and Waste Water Capital Reserve Funds

Purpose

Added "and annual budget" after "as identified in the Asset Management Investment Plan".

Benefits or Impacts

General

The proposed bylaw consolidates reserve funds in alignment with management's objective to modernize bylaws and improve administrative efficiency.

Strategic Impact



Fiscal Responsibility

The proposed changes to the Land Sales Reserve Fund will allow for the strategic purchase of land and not exclusively land which is required as part of a capital project.

This proposed new bylaw maintains the same restrictions on expenditure of funds as were in the original individual bylaws. Fund transfers also have the same stipulations, other than one new provision which allows transfers between the four capital reserve funds.

Policy/Legislation

Community Charter Section 188

Local Government Act Section 525

Administrative Agreement on the Federal Gas Tax Fund in British Columbia

Attachments

Draft Reserve Fund Establishment Bylaw No. 2060, 2019

Excerpt of Sections 188 and 189 from the *Community Charter*

Land Sales Reserve Fund Bylaw 2029, 2016

Cash-in-Lieu of Parking Reserve Fund Bylaw No. 1450, 1995 and Amendment to the Cash-in-Lieu of Parking Reserve Fund Bylaw No. 1759, 2004

Community Works Reserve Fund Establishment Bylaw 2020, 2015

Slag Sales Reserve Fund Bylaw 2027, 2016

Machinery and Equipment Purchase and Replacement Reserve Fund Bylaw No. 1303 and Bylaw No. 1762 Amendment to the Machinery and Equipment Purchase and Replacement Reserve Fund Bylaw No. 1303

Climate Action Reserve Fund Establishment Bylaw 1989, 2013

Recommendation

THAT Council gives first three readings to Reserve Fund Establishment Bylaw No. 2060, 2019

Options

1. THAT Council accepts the recommendation.
2. THAT Council does not accept the recommendation.
3. THAT Council refers the matter back to staff for further information.