

Calgary



# 2019 Triennial Reserve Review

## PFC 2019-1385

2019 Dec 3

ISC: Unrestricted





# Background and Purpose

## Background

Council Policy (*CFO013 Reserves*) and Administrative Policy (*FA-050 Financial Reserves*) approved in 2010

- Every reserve is to be reviewed at least once every three years
- Review is conducted by an Administrative Reserve Review Committee

## Purpose

Periodic review of each active reserve to ensure:

- Reserve activity meets all authorizing documents requirements;
- Reserve activity is in accordance with City reserve policies and procedures;
- The reserve's purpose, conditions and/or restrictions are still relevant; and
- The reserve is still required in its current form.





# Reserves Reviewed in 2019

Reserve Name	Reserve	Reserve Type	Balance as of 2018, December 31 (in thousands)
Parks Foundation Reserve	Operating	Endowment	\$2,471
Tax Loss Provision Reserve	Operating	Contingency	\$37,398
Artificial Turf Field Lifecycle Reserve	Capital	Cashflow	\$4,803
Community Investment Reserve	Capital	Cashflow	\$43,704
Debt Servicing Reserve	Capital	Cashflow	\$52,570
Legacy Parks Reserve	Capital	Cashflow	\$7,025
Revolving Fund Reserve for General Land Purchases	Capital	Contingency/Cashflow	\$119,750
TELUS Convention Centre Reserve	Capital	Cashflow	\$200
Community Sustainability Reserve	Sustainment	Contingency	\$2,062
Planning and Development Sustainment Reserve (proposed)	Sustainment	Contingency/Cashflow	\$77,908
Business Licence Sustainment Reserve (proposed)	Sustainment	Contingency/Cashflow	\$10,234
Livery Transport Services Sustainment Reserve	Sustainment	Cashflow	\$4,818
Parks Endowment and Sustainment Reserve	Sustainment	Contingency/Endowment	\$4,510
Perpetual Care of the Municipal Cemetery System Reserve	Sustainment	Cashflow	\$19,519
Public Art Reserve	Sustainment	Cashflow	\$6,768
Utility Sustainment Reserve	Sustainment	Contingency/Cashflow	\$175,255
Waste and Recycling Sustainment Reserve	Sustainment	Contingency/Cashflow	\$63,083
			<b>\$632,078</b>



# Reserves Reviewed in 2019

## Follow-ups from 2018 Triennial Reserve Review

Reserve Name	Reserve	Reserve Type	Balance as of 2018, December 31 (in thousands)
Calgary Heritage Authority Reserve	Operating	Endowment	\$1,771
Heritage Incentive Reserve	Operating	Cashflow	\$1,242
Mall Programming Fund	Operating	Contingency	\$835
Snow and Ice Control (SNIC) Reserve	Operating	Contingency	\$5,426
Corporate Housing Reserve	Capital	Legislated/Contractual	\$31,622
			<b>\$40,896</b>

## New Item – Requested by Business Unit

Reserve Name	Reserve	Reserve Type	Balance as of 2018, December 31 (in thousands)
Fleet Services Reserve	Capital	Cashflow	\$9,766
			<b>\$9,766</b>



# Summary of Recommendations

Reserve Name	Attachment 2 Page Number	Balance 2018 (in thousands)	Substantive Changes to Reserves	Clerical Changes to Reserves	Follow-Up Items
Parks Foundation Reserve	1	\$2,471			
Tax Loss Provision Reserve	2	\$37,398		✓	
Artificial Turf Field Lifecycle Reserve	3	\$4,803	✓	✓	
Community Investment Reserve	4	\$43,704		✓	
Debt Servicing Reserve	6	\$52,570		✓	
Legacy Parks Reserve	8	\$7,025	✓	✓	
Revolving Fund Reserve for General Land Purchases	10	\$119,750	✓	✓	✓
TELUS Convention Centre Reserve	12	\$200			
Community Sustainability Reserve	13	\$2,062			
Planning and Development Sustainment Reserve (Proposed)	15	\$77,908	✓	✓	✓
Business Licence Sustainment Reserve (Proposed)	17	\$10,234	✓	✓	
Livery Transport Services Sustainment Reserve	19	\$4,818			✓
Parks Endowment and Sustainment Reserve	20	\$4,510		✓	
Perpetual Care of the Municipal Cemetery System Reserve	22	\$19,519		✓	
Public Art Reserve	23	\$6,768			✓
Utility Sustainment Reserve	24	\$175,255	✓	✓	
Waste and Recycling Sustainment Reserve	25	\$63,083		✓	
Calgary Heritage Authority Reserve	26	\$1,771		✓	
Heritage Incentive Reserve	27	\$1,242			
Mall Programming Fund	29	\$835			✓
Snow and Ice Control (SNIC) Reserve	31	\$5,426			✓
Corporate Housing Reserve	33	\$31,622	✓		
Fleet Services Reserve	36	\$9,766	✓		





# Review Recommendations

## (Substantive Changes)

- Artificial Turf Field Lifecycle Reserve - include a one time contribution as an authorized use of this reserve and remove the restriction for Council approval of withdrawals from this reserve
- Legacy Parks Reserve and the Revolving Fund Reserve for General Land Purchase - remove the special reporting requirements
- Calgary Building Services (“CBS”) and Calgary Community Standards (“CCS”) Sustainment Reserve - separate into 2 reserves: Planning & Development Sustainment Reserve and Business Licence Sustainment Reserve
- Planning & Development Sustainment Reserve and the Utility Sustainment reserve - revise the reserve target balance formulas
- Corporate Housing Reserve – revise to allow use for the Housing Incentive Program
- Fleet Services Reserve - revise to allow for use in stabilizing the operating budget in the event of net asset disposal losses



## Reserves to be Reviewed in 2020

Reserve Name	Reserve Type	Reserve Balance as of Dec 31, 2018 (in \$ thousands)	Previously Reviewed Year
Calgary Police Service Court Fine Revenue Operating Reserve	Operating	4,000	2017
Calgary Police Service Helicopter Maintenance	Operating	2,473	2017
Children's Reserve Fund	Operating	4,702	2018
ENMAX Dividend Stabilization Reserve	Operating	13,000	2018
Group Life Reserve	Operating	1,637	2018
Parking Revenue Reinvestment Reserve	Operating	3,884	2017
Self - Insurance Reserve	Operating	7,000	2018
911 Communications Centre Capital Financing Reserve	Capital	25,055	2017
Calgary Police Service Capital Reserve	Capital	40,868	2017
Fleet Services Capital Reserve	Capital	9,766	2017
Information Technology Reserve	Capital	37,286	2017
Lifecycle Maintenance and Upgrade Reserve	Capital	248,660	2017
Reserve for Future Capital	Capital	305,675	2017
Golf Course Levy Reserve	Sustainment	2,763	2017
Opportunity Calgary Investment Fund	Sustainment	101,047	2017
<b>Total</b>		<b>807,816</b>	

### *Follow-ups in 2020*

Reserve Name	Reserve Type	Reserve Balance as of Dec 31, 2018 (in \$ thousands)	Previously Reviewed Year
Snow and Ice Control (SNIC) Reserve	Operating	5,426	2019
Revolving Fund Reserve for General Land Purchases	Sustainment	119,750	2019
Planning & Development Sustainment Reserve	Sustainment	77,908	2019
<b>Total</b>		<b>203,084</b>	



# Administration Recommendations

Administration recommends that the Priorities and Finance Committee recommends that Council:

1. Approve the changes to reserves as outlined in Attachment 1 and Attachment 2; and
2. Approve the list of reserves to be reviewed in 2020 as outlined in Attachment 3.