

**2019
TRIENNIAL RESERVE
REVIEW REPORT**

**ATTACHMENT 2
RELEVANT EXCERPTS FROM THE
2018 ANNUAL RESERVE REPORT**

Parks Foundation Reserve

\$ 2,471

(2018)

Operating Reserve (\$000s)

Authorization: CS90-17-01, FB99-48, FCS2004-22, Memorandum of Agreement – April 15, 2004, FCS2007-09 and PFC2016-0796.

Purpose: Create an Endowment fund and use the investment income to fund the administrative costs of Parks Foundation Calgary – a City of Calgary Civic Partner and to eliminate the annual contribution from The City to Parks Foundation Calgary’s operating budget.

Conditions: Should Parks Foundation Calgary remove the funds from the Endowment Fund, except as outlined in the Restrictions below, The City will request the return of the funds in the Parks Foundation Calgary’s Operating Endowment Fund.

Restrictions: Only investment earnings as outlined in the Memorandum of Agreement may be withdrawn to be used for administrative services of Parks Foundation Calgary.

Related Budget Program: Operating Program: #449 Civic Partners (Liaison: Community Services)

Funding Sources: The City contributed \$200 to the operating endowment for every \$300 Parks Foundation Calgary raised for capital endowment, up to a maximum contribution by The City of \$2,000, which was reached in 1998.

Reserve approved to record allocation of investment income:

Yes No

Special Reporting Requirements: None.

Current Activity (\$000s):

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Opening balance	2,407	2,376	2,395	2,257	2,114
Investment income	192	173	140	213	218
Contributions to operations	(128)	(142)	(159)	(75)	(75)
Closing balance	<u>2,471</u>	<u>2,407</u>	<u>2,376</u>	<u>2,395</u>	<u>2,257</u>

Source Contacts: **Business Unit – Calgary Parks**
 Financial Lead – T. LePrieur, Finance Lead
 Operational Lead – K. Ripley, Director

Review Schedule: Last Review: 2016 Next Review: 2019

Tax Loss Provision Reserve

Operating Reserve (\$000s)

\$ 37,398
(2018)

Authorization: FCS2007-45, PFC2013-0812 and PFC2016-0796.

Purpose: In the event of a substantial unanticipated adverse outcome from Assessment complaints and appeals, this reserve has been established to provide for such losses.

Conditions: The ~~level (balance) of the Tax Loss Provision~~ reserve ~~balance~~ shall be determined by the Chief Financial Officer with input from the Tax Provision Steering Committee. The ~~level of the Tax Loss Provision~~ reserve ~~balance~~ shall not exceed ~~the current year's Tax Loss Provision Contingency Liability balance. level of the current year tax provision contingency balance.~~

Restrictions: Contributions and withdrawals relating to specific tax loss related circumstances are authorized by the Chief Financial Officer. Any other contributions or withdrawals require Council approval.

Related Budget Program: Operating Program: #856 Taxation

Funding Sources: Initial funding source in 2007 is \$27,000 transferred from the Assessment and Tax Contingency Provision Liability fund. ~~Any unused funds from the Tax Loss Provision Contingency Liability will be contributed to this reserve up to the balance determined per the reserve conditions. -Future required contributions are from operations.~~

Reserve approved to record allocation of investment income:
 Yes No

Special Reporting Requirements: None.

Current Activity (\$000s):

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Opening balance	37,398	37,398	37,398	37,398	39,823
Contributions from operations	-	-	-	-	-
Contributions to other sources ⁽¹⁾	-	-	-	-	(2,425)
Closing balance	<u>37,398</u>	<u>37,398</u>	<u>37,398</u>	<u>37,398</u>	<u>37,398</u>

(1) As per PFC2013-0812, \$2,425 was used to minimize the impact to the tax base in 2014 as a result of a decrease in assessed value for properties impacted by the 2013 flood.

Source Contacts: **Business Unit – Finance**
 Financial Lead – C. Fung, Corporate Finance Leader
 Operational Lead – C. Male, Chief Financial Officer

Review Schedule: Last Review: 2016 Next Review: 2019

Artificial Turf Field Lifecycle Reserve

Capital Reserve (\$000s)

\$ 4,803
(2018)

Authorization: FCS2010-19, CPS2011-15, CPS2012-24, PFC2013-745, PFC2016-0796 and CPS2016-0807

Purpose: Per FCS2010-19, expenditures associated with artificial turf field replacement. **In 2018, funds for the Genesis Centre Environmental Contingency were added to the reserve.**

Conditions: None.

Restrictions: ~~Per FCS2010-19, Administration will return to Council for approval to withdraw funds from the reserve for artificial turf replacement.~~ The Genesis Centre Environmental Contingency of \$285 plus accrued interest is externally restricted for potential environmental events at the Genesis Centre.

Related Budget Program: Capital Program: #507 Recreation, Facilities

Funding Sources: Beginning in 2010, annual contribution from Recreation's actual **incremental** net revenue generated by artificial turf field rentals fees.

Reserve approved to record allocation of investment income:

X Yes ___ No

Special Reporting Requirements: Administration will be closely monitoring field revenues, expenses and the annual reserve balances and report back to Council if the yearend reserve balance deviates by 25% from projection in any year. Any significant modifications in contribution amounts will be identified through the annual budget process as necessary.

Current Activity (\$000s):

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Artificial Turf Reserve					
Opening balance	3,271	3,015	2,221	1,548	1,047
Contributions from operations	879	668	908	628	476
Investment income	102	97	59	45	25
Contribution (to)/from capital	259	(509)	(173)	-	-
Component Closing balance	<u>4,511</u>	<u>3,271</u>	<u>3,015</u>	<u>2,221</u>	<u>1,548</u>
Genesis Centre Environmental Contingency					
Opening balance	-	-	-	-	-
Contributions from operations	285	-	-	-	-
Investment income	7	-	-	-	-
Component Closing balance	<u>292</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Reserve Closing Balance	<u>4,803</u>	<u>3,271</u>	<u>3,015</u>	<u>2,221</u>	<u>1,548</u>

Source Contacts: **Business Unit – Calgary Recreation**
 Financial Lead – R. Turley, Finance Lead
 Operational Lead – F. Le Berre, Capital Development Manager

Review Schedule: Last Review: 2016 Next Review: 2019

Community Investment Reserve

Capital Reserve (\$000s)

\$ 43,704
(2018)

Authorization: C2004-60, NM2004-17, CPS 2005-24, NM2006-05, LAS2008-101, CPS2011-39, FCS2011-18, LAS2011-59, PFC2012-0248, C2014-0863, CPS2015-0647, PFC2016-0796, and PFC2017-0615.

NM2004-17 and CPS2005-24 established a Community Investment Reserve Fund in the amount of \$102,100 (GST) for five specified community capital infrastructure projects.

NM2006-05 increased the Community Investment Reserve Fund by \$100,000 (GST).

CPS2011-39 directed that \$42,000 annually Vacated Tax Room ("VTR") be transferred to the Community Investment Reserve and funding for 2011-2016 be allocated.

PFC2012-0248 approved allocation of VTR and GST funding for the debt servicing of four New Recreation Facilities.

C2014-0863 approved allocation of VTR funding for 2017-2018 and the remaining GST funding.

CPS2015-0647 directed Administration to use the proposed guiding principles to allocate the VTR funding over the course of the next two business plan and budget cycles (to 2026).

PFC2017-0615 directed \$240 from the Community Investment Reserve to fund Memorial Park Library maintenance and upgrade.

Purpose:

- 1) To invest in priority community capital infrastructure and address emerging community needs.
- 2) To target the reduction of the growing infrastructure gap as identified through the Community Services capital infrastructure investment strategy.

Conditions: None.

Restrictions: CPS2011-39 approves a new ongoing program for investment in community infrastructure.

Related Budget Program: Numerous Community Services Capital Programs

Funding Sources:

- 1) Investment income generated from the reserve: to fund the cost of project management and other associated program costs.
- 2) Federal GST rebate effective Feb 01, 2004: \$102,100 (2004-2013 approx.)
- 3) Federal GST rebate effective Feb ~~13 04, 2006 2004~~: \$100,000 (2014-2023 approx.)
- 4) VTR: \$42,000 annually (effective 2011)

Reserve approved to record allocation of investment income:

X Yes No

**Special Reporting
Requirements: None**

Current Activity (\$000s):

	<u>2018</u>	<u>2017</u> (Restated)	<u>2016</u>	<u>2015</u>	<u>2014</u>
Opening Balance	39,079	102,204	152,379	168,302	151,077
Contributions from Federal GST rebate	8,919	8,919	8,919	8,919	8,919
Contribution to capital projects - GST ⁽¹⁾	(10,284)	(6,741)	(8,196)	(30,321)	(14,101)
Contribution from Reserve for Future Capital - GST	1,500	1,500	1,500	1,500	1,500
Contributions from VTR	42,000	42,000	42,000	42,000	42,000
Contribution to capital projects - VTR ⁽¹⁾	(38,846)	(112,151)	(100,258)	(45,340)	(27,697)
Investment income ⁽²⁾	1,336	3,348	5,860	7,369	6,604
Contribution to program costs	-	-	-	(50)	-
Closing Balance ⁽³⁾	<u>43,704</u>	<u>39,079</u>	<u>102,204</u>	<u>152,379</u>	<u>168,302</u>

(1) Includes debt servicing payments for Regional Recreation Centres.

(2) Includes GST funds, VTR funds and Regional Recreation Centres debt.

(3) Committed amounts included in the closing balance total \$43,704 for future projects.

Source Contacts: **Business Unit –** **Civic Partners**
 Financial Lead – S. MacFayden, Finance Manager
 Operational Lead – K. Black, General Manager

Review Schedule: Last Review: 2016 Next Review: 2019

Debt Servicing Reserve

\$ **52,570**

Capital Reserve ('000s)

(2018)

Authorization: FCS2004-22 combined three reserves Sinking Fund (C98-16), Major Project Reserve (C96-15, C98-93) and Transportation Capital Reserve (C98-16), FCS2006-42, UE2007-07, C2007-14, FCS2008-28 and PFC2016-0796.

Purpose: For principal and interest payments of tax-supported debt.

FCS2006-42, the reserve may be used as a source to cover for potential short-fall of funds for self-sufficient tax supported debt.

On C2007-14 for Calgary Municipal Land Corporation (CMLC) – for operating expenditures up to \$10,000.

FCS2008-28, Contribute to Lifecycle Maintenance and Upgrade Reserve (LMUR) and Pay-As-You-Go (PAYG).

Conditions: The reserve will be reviewed annually by the Corporate Budget Office and any available funding not committed for tax supported debt will be transferred to the LMUR.

Transfer a minimum of \$10 million per year from the reserve to the LMUR, provided no new tax-supported debt is issued, and funds are not needed for the interest payment for MSI-related bridge financing.

Restrictions: Funds are to be used as **per the** purpose outlined above.

Related Budget Programs:

Operating Program(s): # 840 Capital Financing Costs

Funding Sources: ~~Allocation of 84% of annual debt charge savings.~~

This reserve is funded \$94,752 annually from property taxes. This amount is an allocation of 84% of a pre-1996 tax-supported debt servicing budget of \$112,800.

Reserve approved to record allocation of investment income:

Yes No

Special Reporting Requirements:

None

Current Activity (\$000s):

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Opening balance	52,570	52,570	52,570	52,570
Investment income	1,645	1,863	1,177	1,340
Contributions (to)/from from operations:				
Debt Charge Savings	94,752	94,752	94,752	94,752
Principal Payment	(30,994)	(34,634)	(36,733)	(38,505)
Interest Payment	(8,142)	(9,660)	(11,317)	(13,059)
Contributions to other Reserves:				
Contribution to LMUR ⁽¹⁾	(27,261)	(22,321)	(17,879)	(14,528)
Contribution to PAYG ⁽²⁾	(30,000)	(30,000)	(30,000)	(30,000)
Closing Balance	<u>52,570</u>	<u>52,570</u>	<u>52,570</u>	<u>52,570</u>

- (1) As per report FCS2006-42 and FCS2008-28, the amounts transferred to LMUR are:
- fixed amount of \$10,000 annually: 2007 to 2018
 - funding not committed to tax supported debt: \$17,261 for 2018, \$12,321 for 2017, \$7,879 for 2016, \$4,528 for 2015, \$1,710 for 2014, and none in 2013
- (2) As per report FCS2008-28 contribution to PAYG from Debt Servicing Reserve of \$10,000 in 2009, escalating by \$5,000 per year to \$30,000 by 2013.

Source Contacts: **Business Unit –**
 Financial and
 Operational Lead(s) -
Review Schedule: Last Review: 2016

Finance
 R. Liu, Budget Officer
 C.Jacyk, Finance Manager
 Next Review: 2019

Legacy Parks Reserve

Capital Reserve (\$000s)

\$ 7,025
(2018)

Authorization: LPC2003-17, NM2003-36, NM2003-40, C2003-67, C2006-62, NM2007-35, C2008-76, LPC2008-02, CPS2009-36, M2010-08, NM2012-05, LPC2012-0809, LPC2013-0428, LPC2014-0172, LPC2014-0823 and LPC2016-0626.

Purpose: To create new park space and enhance existing parks for the benefit of Calgarians, now and in the future.

Conditions: Allocation of funds are as follows:

- \$30,000 to fund the purchase and development of lands to comprise three new regional parks.
- \$20,000 to fund upgrading and/or development of parks within The City limits.
- Per C2006-62, Council approved an additional \$10,400 to fund the purchase of Bearspaw District.
- Per LPC2008-02, Council approved an additional \$75,000 of new funding to fund Legacy Parks projects.
- Per CPS 2009-36, reallocated \$7,000 of funds from Legacy to Devonian Gardens Redevelopment.
- Per NM2012-05, Council approved \$75,000 of new funding to fund Legacy Parks projects.
- Per LPC2012-0809 Council approved \$200 one-time operating budget (expenditures) from 2013 to 2017 for Parks Foundation Calgary, offset by a corresponding increase of \$200 operating budget (revenue) in General Revenue (Program 860) to be funded by the Legacy Parks Reserve.
- Per LPC2014-0823 Council approved specific projects to be funded by \$75,000 from NM2012-05.
- Per LPC2016-0626, the Legacy projects underway were reprioritized and strategically phased and high priority projects were identified.

Restrictions: Funds are to be used as per the conditions outlined above.

Related Budget Programs: Capital Programs: #499 Legacy Parks (2016 and prior only)
#500 Parks (previously known as Parks and Natural Areas)

Funding Sources: ~~As per NM2007-35, ENMAX dividends in excess of \$35,000 (to fiscal year end 2012) were directed to this reserve. C2008-76 changed the funding to ENMAX dividends in excess of \$43,000. As per NM2012-05, ENMAX dividend in excess of \$47,000 be directed to ENMAX Legacy Parks fund for the next approximately 5 years, with the exception of 50% of any excess dividend, to a maximum of \$20,000, be set aside in a new reserve as a contingency fund for any shortfall in the ENMAX dividends below \$47,000.~~

ENMAX dividends received in excess of the annual budgeted dividend amount are contributed to the Legacy Parks Reserve less any dividends contributed to the ENMAX Dividend Stabilization Reserve.

Reserve approved to record allocation of investment income:

X Yes ___ No

**Special Reporting
Requirements:**

~~Per LPC2013-0428, The Legacy Parks Fund Steering Committee reports directly to Council annually through the SPC on Community Services. None.~~

Current Activity (\$000s):

	<u>2018</u>	<u>2017</u> (Restated)	<u>2016</u>	<u>2015</u>	<u>2014</u>
Opening balance	8,155	10,558	18,450	23,033	19,738
Contributions from operations	-	800	-	4,950	6,150
Investment income	192	255	335	449	435
Contributions to capital	(1,322)	(3,458)	(11,107)	(9,982)	(3,290)
Contribution from Reserve for Future Capital	-	-	2,880	-	-
Closing balance	<u>7,025</u>	<u>8,155</u>	<u>10,558</u>	<u>18,450</u>	<u>23,033</u>

Source Contacts:

Business Unit – Calgary Parks
 Financial Lead – T. LePrieur, Finance Lead
 Operational Lead – D. Marter, Manager

Review Schedule:

Last Review: 2016 Next Review: 2019

Revolving Fund Reserve for General Land Purchases

\$ 119,750

Combined Operating & Capital Reserve (000's)

(2018)

Authorization: Commissioners' Report FB98-43, LAS2008-173 and PFC2016-0796.

Purpose: Land required for City use must often be purchased well in advance of construction, but the capital budget has funds only for projects commencing within the current four year budget cycle. The purpose of this reserve is to acquire land required for City use in a timely manner for projects beyond the four year budget cycle, improvements to city-owned land and program administration.

Conditions: None.

Restrictions: None.

Related Budget Programs: Operating Programs: #488 General Land Sales and Net Lease Revenue

Capital Programs: #695 Land Acquisitions – Other Civic Departments
#698 – Miscellaneous Land Improvements

Funding Sources: Initial funding in 1998 was as follows:

- \$5,306 from Real Estate Retained Earnings.
- \$2,500 from non-transportation project funding from the \$40,200 set aside for non-transportation capital projects in excess of the Envelope.

Ongoing funding:

- Income from existing net land leases. Revenue from existing leases may be routed to business units based on approval of business case to the Corporate Land Committee ("CLC").
- Acquisition fees received from business units for land purchases, net of related costs.
- Net proceeds from general land sales ~~Sales of general lands~~
- Repayment of land purchases by business unit no later than year one of the next four year budget cycle or other alternate pay back arrangements as may be approved by CLC.

Reserve approved to record allocation of investment income:

X Yes ___ No

Special Reporting Requirements: ~~None. Status update to Council on the Revolving Fund every two years with the Corporate Land Framework Report.~~

~~Reporting to SPC on Utilities and Corporate Services every four years on the status of current land holdings.~~

Current Activity (\$000s):

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Opening Balance	102,118	101,073	86,881	84,505	52,347
Investment Income	2,827	2,917	2,086	2,031	1,317
Contributions from land sales	14,609	71,318	32,854	29,394	35,869
Contributions from operations	4,348	4,175	7,720	1,048	1,739
Contributions (to)/from capital	(2,421)	(16,136)	(23,296)	(10,760)	(3,005)
Contributions to other reserves	(1,536)	(60,871)	(5,141)	(18,931)	-
Net transfers to restricted reserve ⁽¹⁾	(195)	(358)	(31)	(406)	(3,762)
Closing Balance	<u>119,750</u>	<u>102,118</u>	<u>101,073</u>	<u>86,881</u>	<u>84,505</u>

(1) Transfers to restricted reserves:

Funds are restricted sales of land sold to the Calgary Municipal Land Corporation ("CMLC") and the Attainable Homes Calgary Corporation ("AHCC"). Sales set up as receivables. Receipt of funds will be the earlier of a) ten years from the advancement date, or b) in the event that CMLC/AHCC had disposed of the property, or any portion thereof, the date CMLC/AHCC receives proceeds of the sale to the third party. These funds are restricted until receipt of the funds from CMLC/AHCC is deposited. Total funds outstanding equal \$6,621. Repayment date is set for no later than December 31, 2019.

Source Contacts: **Business Unit –** **Real Estate & Development Services**
 Financial Lead – D. Stamper, Finance Lead
 Operational Lead – J. Halfyard, Manager, Land & Asset Management

Review Schedule: Last Review: 2016 Next Review: 2019

TELUS Convention Centre Reserve
Externally Restricted Capital Reserve (\$000s)

\$ 200
(2018)

Authorization: C97-83 and C2000-70.

Purpose: In 1985 the reserve was created to finance carpeting and other major replacement items with a useful life of five years or less. Commissioners' Report C97-83 amended the use of this reserve for capital purchases regardless of their useful life.

Conditions: In order to cover emergencies, a minimum balance of \$200 must be maintained in the combination of this reserve and TELUS Convention Centre's operating reserve. C2000-70 approved the reduction in the minimum balance from \$500 to \$200.

Restrictions: Expenditures are approved by the Calgary Convention Centre Authority.

Related Budget Programs: Operating Program: #449 Civic Partners, Convention Centre

Capital Program: #626 Calgary Convention Centre

Funding Sources: Annual contribution of \$180 from City operations.

Reserve approved to record allocation of investment income:

Yes No

Special Reporting Requirements: None.

Current Activity (\$000s):

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Opening balance	20	242	213	253	200
Contributions from operations	180	180	180	180	180
Contributions to capital	-	(402)	(151)	(220)	(127)
Closing balance ⁽¹⁾	<u>200</u>	<u>20</u>	<u>242</u>	<u>213</u>	<u>253</u>

(1) In 2017, the combined balance of this reserve (\$20) and the TELUS Convention Centre's operating reserve (\$5,064) exceeded the minimum balance of \$200.

Source Contacts: **Business Unit – Civic Partners**
Financial Lead – J. Salazar, Finance Lead
Operational Lead – L. Kerr, Manager, Office of Partnerships

Review Schedule: Last Review: 2016 Next Review: 2019

Community Sustainability Reserve
Combined Operating & Capital Reserve (\$000s)

\$ 2,062
(2018)

Authorization: CPS2008-39, C2008-76, CPS2009-06, FCS2009-26, FCS2010-28, PFC2013-0745, PFC2016-0796 and C2017-1123.

Purpose: The purpose of the Community Sustainability Reserve is to provide interim support to assist community organizations in need of short term assistance to address operational shortfalls, as determined by Calgary Neighbourhoods. This Reserve is intended to assist organizations so that they may continue to operate and meet the needs of their community, and/or the citizens of Calgary at large. Funding is available to provide financial support, and if applicable, resources such as consultation support, in order to maximize the capacity and sustainability of an organization to contribute to inspiring neighbourhoods. Funding is provided for:

- a. Stabilization and redevelopment assistance to organizations that encounter unexpected financial circumstances or have been dealing with organizational or governance issues for more than a year.
- b. Professional consulting services support to organizations in any area that may impact sustainability to deliver improved programs and services to citizens, whether in crisis or not.

Conditions: In order to qualify for funding, Community Associations and social recreational organizations must have an active lease or license of occupation with The City through the Community Association or Social Recreation Leasing Policy CSPS011 – Lease/License of Occupation to Community Organizations.

Qualifying organizations must agree to work with Administration to develop and implement recommendations resulting from professional reviews, where possible and reasonable.

The maximum funding amount for operational use is \$200 over a 5 year period of time, and approved by the Director of Calgary Neighbourhoods. The maximum funding amount includes both stabilization and redevelopment assistance.

Restrictions: As per purpose and conditions.

Related Budget Programs: N/A

Funding Sources: The Community Sustainability Reserve received a one-time transfer of \$580 from the Lifecycle Assistance and Energy Reserve (CPS2008-39) for operating purposes and \$3,000 from corporate in 2008 (C2008-76) for capital purposes. The purpose of the reserve was amended in 2016 so that the remaining reserve balance at Dec 31, 2015 of \$2,270 could only be used for operational purposes. Funds can only be used for capital projects if the funds were approved prior to the 2016 reserve purpose amendment.

Reserve approved to record allocation of investment income:
 Yes No

Special Reporting Requirements: None.

Current Activity (\$000s):

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Opening balance	2,119	2,123	2,270	2,443	2,678
Contributions to operations	-	-	-	-	-
Transfer between reserves	(57)	(4)	(147)	(173)	(235)
Closing balance	<u>2,062</u>	<u>2,119</u>	<u>2,123</u>	<u>2,270</u>	<u>2,443</u>

Source Contacts: **Business Unit – Calgary Neighbourhoods**
 Financial Lead – J. Salazar, Finance Lead
 Operational Lead – K. Black, Director

Review Schedule: Last Review: 2016 Next Review: 2019

~~Calgary Building Services¹ (“CBS”) and Calgary Community Standards (“CCS”)—
Business Licence Sustainment Reserve
Planning & Development Sustainment Reserve~~

Combined Operating & Capital Reserve (\$000s)	88,142
	\$ <u>77,908</u>
	(2018)

Authorization: FB2003-49, C2005-60, C2005-68, FCS2005-33, FCS2006-37, FCS2007-45, LPT2008-67, LPT2011-30, PFC2013-0745, PFC2016-0796 and PFC2017-1081.

Purpose: ~~The CBS component of the reserve will be used to manage fluctuations in the level of activity in the development and building industry, supporting CBS’s plan to be a sustainable self-supporting business unit without requiring mill-rate support.~~

The reserve will be used to respond to market fluctuations and volatility in the level of development and building activity. The reserve will fund fee supported budgets for the continuity of development approvals and building safety services.

~~The CBS and CCS components of~~ The reserve will have the following specific uses:

1. Stabilize the operating budget
2. Fund one-time operating expenditures
3. Fund capital expenditures

Conditions: ~~Per report LPT2011-30, Council approved the recommendation to adjust the CBS Sustainment Reserve Fund to a guideline maximum of \$60,000.~~ The reserve has a target balance of 75% of the annual budgeted fee based operating expenditures. Should the fund exceed the ~~guideline maximum target~~, the excess would be used as a contribution from the reserve to CBS fee supported operations in the following year to soften any required user fees increase.

Restrictions: None.

Related Budget Programs:

Operating Program: ~~#004 Calgary Community Standards~~
~~#610 Calgary Growth Strategies~~
~~#611 Calgary Building Services~~
~~#612 Community Planning~~
~~#613 Calgary Approvals Coordination~~
~~#651 Urban Strategy~~

Capital Programs: ~~#048 Calgary Community Standards, Bylaw Capital~~
~~#061 Capital Asset Acquisition~~
~~#063 Cash System Integration~~
~~#064 Working Space Initiatives~~
~~#065 Land Use Bylaw Implementation/Sustainment~~
~~#067 Business Technology Sustainment~~
~~#069 eService Portfolio~~

¹ ~~The name for the Development & Building Approvals business unit was changed to Inspections & Permit Services in 2014 due to reorganization and subsequently changed to Calgary Building Services in 2016.~~

Funding Sources: ~~Annual CBS operating surplus as of 2003 and future years and annual CCS operating surplus as of 2014 and future years.~~
Annual operating surpluses from fee supported operations from 2016 and future years, (previously from annual CBS operating surpluses as of 2003 and future years).

Reserve approved to record allocation of investment income:

X Yes ___ No

Special Reporting Requirements: None.

Current Activity (\$000s):

CBS Sustainment Reserve	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Opening balance	86,752	99,114	93,707	74,063	48,701
Investment income	1,961	3,159	2,131	2,056	1,351
Contributions from operations	13,531	11,901	10,158	23,492	27,927
Contributions to capital	(5,102)	(7,422)	(6,882)	(5,904)	(3,916)
Transfer between Reserves	766	-	-	-	-
Transfer to Opportunity Calgary Investment Fund ⁽¹⁾	(20,000)	(20,000)	-	-	-
Closing balance	<u>77,908</u>	<u>86,752</u>	<u>99,114</u>	<u>93,707</u>	<u>74,063</u>

CCS Sustainment Reserve	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Opening balance	—9,583	—7,249	—4,701	—2,184	—
Contributions from operations	—1,210	—2,103	—2,439	—2,425	—2,158
Investment income	—295	—299	—146	—92	—26
Contributions to capital	—(88)	—(68)	—(37)	—	—
Contributions between reserves	—(766)	—	—	—	—
Closing balance	—10,234	—9,583	—7,249	—4,701	—2,184
Total Closing Balance	—88,142	—96,335	—106,363	—98,408	—76,247

(1) **Transfers to the** Opportunity Calgary Investment Fund (“OCIF”), previously known as Economic Development Investment Fund Reserve (“OCIF”), **as per Council’s decision made on December 18, 2017 per PFC2017-1081.**

Source Contacts:

Business Unit –	Calgary Building Services Planning & Development
Financial Lead –	M. Fung, Finance Lead
Operational Lead –	B. Desjardins, Director M. Tita, Chair of PD Financial Governance Committee
Business Unit –	Calgary Community Standards
Financial Lead –	G. Drall, Finance Lead
Operational Lead –	K. Pallister, Manager

Review Schedule: Last Review: 2016 Next Review: 2019

~~Calgary Building Services¹ (“CBS”) and Calgary Community Standards (“CCS”) –~~

~~Business Licence Sustainment Reserve~~

~~88,142~~
\$ ~~10,234~~

Combined Operating & Capital Reserve (\$000s)

(2018)

Authorization: ~~FB2003-49, C2005-60, C2005-68, FCS2005-33, FCS2006-37, FCS2007-45, LPT2008-67, LPT2011-30, PFC2013-0745, PFC2016-0796 and PFC2017-1081.~~

Purpose: ~~The CBS component of the reserve will be used to manage fluctuations in the level of activity in the development and building industry, supporting CBS’s plan to be a sustainable self-supporting business unit without requiring mill-rate support.~~

~~The Calgary Community Standards (Business Licence) Reserve will be used to stabilize the budget during fluctuations in the business sector to ensure consistent, sustainable, self-supporting customer and regulatory services.~~

~~The CBS and CCS components of The reserve will have the following specific uses:~~

- ~~1. Stabilize the operating budget~~
- ~~2. Fund one-time operating expenditures~~
- ~~3. Fund capital expenditures~~

Conditions: ~~Per report LPT2011-30, Council approved the recommendation to adjust the CBS Sustainment Reserve Fund to a guideline maximum of \$60,000. Should the fund exceed the guideline maximum, the excess would be used as a contribution from reserve to CBS operations in the following years to soften any required user fees increase.~~

~~None~~

Restrictions: ~~None.~~

Related Budget Programs: Operating Program: #004 Calgary Community Standards
~~#611 Calgary Building Services~~

Capital Programs: #048 Calgary Community Standards, Bylaw Capital
~~#061 Capital Asset Acquisition~~
~~#063 Cash System Integration~~
~~#064 Working Space Initiatives~~
~~#065 Land Use Bylaw Implementation/Sustainment~~
~~#067 Business Technology Sustainment~~
~~#069 eService Portfolio~~

Funding Sources: ~~Annual CBS operating surplus as of 2003 and future years and annual CCS operating surplus as of 2014 and future years.~~

~~Business Licence annual operating surplus as of 2014 and future years.~~

Reserve approved to record allocation of investment income:

X Yes ___ No

Special Reporting Requirements: ~~None.~~

¹ ~~The name for the Development & Building Approvals business unit was changed to Inspections & Permit Services in 2014 due to reorganization and subsequently changed to Calgary Building Services in 2016.~~

Current Activity (\$000s):

CBS Sustainment Reserve	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Opening balance	—86,752	—99,114	—93,707	—74,063	—48,701
Investment income	—1,961	—3,159	—2,131	—2,056	—1,351
Contributions from operations	—13,531	—11,901	—10,158	—23,492	—27,927
Contributions to capital	—(5,102)	—(7,422)	—(6,882)	—(5,904)	—(3,916)
Transfer between Reserves	—766	—	—	—	—
Transfer to Opportunity Calgary Investment Fund ⁽¹⁾	—(20,000)	—(20,000)	—	—	—
Closing balance	—77,908	—86,752	—99,114	—93,707	—74,063
CCS Sustainment Reserve	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Opening balance	9,583	7,249	4,701	2,184	-
Contributions from operations	1,210	2,103	2,439	2,425	2,158
Investment income	295	299	146	92	26
Contributions to capital	(88)	(68)	(37)	-	-
Contributions between reserves	(766)	-	-	-	-
Closing balance	10,234	9,583	7,249	4,701	2,184
Total Closing Balance	—88,142	—96,335	—106,363	—98,408	—76,247

(1) ~~Transfers to the Opportunity Calgary Investment Fund (“OCIF”), previously known as Economic Development Investment Fund Reserve (“OCIF”), as per Council’s decision made on December 18, 2017 per PFC2017-1081.~~

Source Contacts: ~~Business Unit – Calgary Building Services~~
 ~~Financial Lead – M. Fung, Finance Lead~~
 ~~Operational Lead – B. Desjardins, Director~~

Business Unit – Calgary Community Standards
 Financial Lead – G. Drall, Finance Lead
 Operational Lead – K. Pallister, **Acting Manager**

Review Schedule: Last Review: 2016 Next Review: 2019

Livery Transport Services Sustainment Reserve

(Formerly Taxi Commission Operating Surplus Reserve)

Sustainment Combined Operating & Capital Reserve (\$000s)

\$ 4,818
(2018)

Authorization: FCS2004-22, FCS2010-10, PFC2013-0745 and PFC2016-0796.

Purpose: To stabilize livery fees and financing which would benefit the industry while achieving a balanced budget without tax rate support.

The reserve is used by Livery Transport Services to:

1. Stabilize the operating budget;
2. Fund one-time operating expenditures; and
3. Fund capital expenditures that directly support livery transport services

Conditions: None

Restrictions: As per purpose.

Related Budget Programs: Operating Program: #004 Calgary Community Standards (LTS)
Capital Program: #048 Calgary Community Standards (Bylaw Capital)

Funding Sources: The Livery Transport Services' operating surpluses.

Reserve approved to record allocation of investment income:

X Yes No

Special Reporting Requirements: None

Current Activity (\$000s):

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Opening balance	4,145	3,737	4,076	4,539	3,722
Annual operating surplus (deficit)	599	373	(354)	(181)	901
Investment income	117	119	86	110	99
Contributions to capital	(43)	(84)	(71)	(392)	(183)
Closing balance	<u>4,818</u>	<u>4,145</u>	<u>3,737</u>	<u>4,076</u>	<u>4,539</u>

Source Contacts: **Business Unit – Calgary Community Standards**
Financial Lead – G. Drall, Finance Lead
Operational Lead – K. Pallister, Manager

Review Schedule: Last Review: 2016 Next Review: 2019

Parks Endowment and Sustainment Reserve

~~Sustainment Combined Operating & Capital~~ Reserve (\$000s)

\$ 4,510
(2018)

Authorization: FB95-75, PFC2013-0745, ~~and MRER2014-06~~ LAS2014-04, LAS2015-52 and UCS2017-0277.

Purpose: This reserve is a temporary repository for contributions to the development and operations of City Parks from businesses, foundations, grants, individuals and internal revenues. The fund will be used to develop, enhance or maintain Parks operations specific to the funding agreements.

Conditions: ~~This reserve is a temporary repository for contributions to the development and operations of City Parks from businesses, foundations, grants, individuals and internal revenues. The fund will be used to develop, enhance or maintain Parks operations specific to the funding agreements.~~
None

Restrictions: Endowment funds:
The City entered into various donation agreements with third parties that restricts the withdrawal of the principal of the donation and provides for the expenditure of investment income only. These donations were provided to The City for the ongoing maintenance and sustainment costs of specific named Parks sites. Investment income earned on these endowment funds is transferred to reduce budget requests based on an as needed basis to support the ongoing commitment of the sponsor for the sustainment of the site.

The three endowment funds are:

- Petro-Canada endowment (**Principal - \$200**) - the investment income is available for maintenance/lifecycle of Wildland Parks; fund balance is \$219 (2017 - \$213),
- Variety Park Endowment Fund (**Principal - \$100**) - the fund is available for the maintenance and lifecycle for the spray park features and infrastructure. Fund balance is \$147 (2017 - \$143),
- Olympic Plaza endowment (**Principal - \$119**) - the fund is available for lifecycle maintenance and upgrades to Olympic Plaza. Fund balance is \$147 (2017 - \$143).

Other donation funds:

The City receives various donations, sponsorships and funds from third parties that restrict the use of these funds (both interest and principal) for the ongoing sustainment and education costs related to specific sites. Reserve funds are transferred to the budget of the specific named parks on an as needed basis to support the sustainment and/or the specific arrangement of the donation.

Restricted ~~Donation~~ Funds contained within the Parks Endowment and Sustainment Reserve include:

- Clearwater Land Exchange \$388 (2017 - \$378)
- Thomson Family Park Maintenance \$250 (2017 - \$0)
- Copperfield Sportsfield \$118 (2017 - \$336)
- 936-16 Ave SW Land Exchange \$274 (2017 - \$267).
- Playfields \$213 (2017 - \$152)
- Borden Donation \$120 (2017 - \$117)
- Play Project - \$177 (2017 - \$112)
- Weaselhead Land Exchange \$112 (2017 - \$109)
- Birth Place Forest \$107 (2017 - \$104)
- Caring for Our Watersheds \$111 (2017 - \$100)
- Cranston/Ogden Diamond Project \$105 (2017 - \$0)
- **Century Gardens Park \$1,493 (2017 - \$0)**
- Remaining balance of \$529 (2017 - \$519) is made up of miscellaneous individual contributions under \$100.

Related Budget Programs:

Operating Program: #445 Parks
Capital Program: #500 Parks (formerly known as Parks and Natural Areas)

Funding Sources:

Contributions/payments received from various parties and net proceeds from sale or exchange of park land approved by Council to be contributed to this reserve.

Reserve approved to receive investment income:

X Yes No

Special Reporting Requirements:

None

Current Activity (\$000s):

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Opening balance	4,494	3,118	2,328	1,291	1,184
Investment income	112	131	61	44	29
Contributions from operations	701	1,309	603	931	686
Contributions to operations	(1,583)	(473)	(446)	(324)	(588)
Contributions to capital	(670)	(1,016)	(86)	(78)	(20)
Contributions between reserves	1,456	1,425	658	464	-
Closing balance	<u>4,510</u>	<u>4,494</u>	<u>3,118</u>	<u>2,328</u>	<u>1,291</u>

Source Contact:

Business Unit – Calgary Parks
Financial Lead – T. LePrieur, Finance Lead
Operational Lead – N. Bernard, Manager
Operational Lead – K. Parker, Manager

Review Schedule:

Last Review: 2016

Next Review: 2019

Perpetual Care of the Municipal Cemeteries System Reserve

Combined Operating & Capital Reserve (\$000s)

\$ 19,519
(2018)

Authorization: CS96-59-02, CPS96-77, FCS2004-31, CPS2004-71 and PFC2016-0796.

Purpose: To fund operational activities associated with the perpetual maintenance and care of municipal cemeteries. ~~This reserve will allow for future perpetual care of the municipal cemetery system.~~ Perpetual care includes mowing, trimming, irrigation and repair of graves, as well as general maintenance of the structures and buildings within the cemeteries.

Beginning in 2005, the fund may be accessed to cover annual operating deficits, capital lifecycle maintenance and upgrades, and the costs of land acquisition and development associated with Municipal Cemeteries.

Conditions: None.

Restrictions: None.

Related Budget Programs:
Operating Program: #445 Parks
Capital Program: #504 Cemeteries

Funding Sources: Forty percent (40%) of the funds received by The City from the sale of cemetery plots, mausoleum crypts, columbarium niches, grave monuments and cemetery memorialization products shall be deposited into the Fund along with any annual Cemetery operating budget surplus.

Reserve approved to receive investment income:
 Yes No

Special Reporting Requirements: None.

Current Activity (\$000s):

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Opening balance	18,221	15,905	13,949	12,549	10,359
Investment income	512	552	347	335	258
Contributions from operations(1)	1,692	1,974	2,020	1,852	1,991
Contributions (to)/from operations	(586)	546	(240)	(435)	165
Transfers to capital	(320)	(756)	(171)	(352)	(224)
Closing balance	<u>19,519</u>	<u>18,221</u>	<u>15,905</u>	<u>13,949</u>	<u>12,549</u>

(1) 40% of the funds received by The City from the sale of cemetery plots, mausoleum crypts, columbarium niches, grave monuments and cemetery products.

Source Contacts: **Business Unit – Calgary Parks**
Financial Lead – T. LePrieur, Finance Lead
Operational Leads – D. Marter, Manager

Review Schedule: Last Review: 2016 Next Review: 2019

Public Art Reserve

\$ 6,768
(2018)

Combined Operating & Capital Reserve (\$000s)

Authorization: FCS2010-28, PFC2013-0745, PFC2014-254, ALT2014-0153, ALT2014-0909, PFC2016-0796 and PFC2017-1241.

Purpose: Per ALT2014-0909, the purpose of the Public Art Reserve is lifecycle and conservation, maintenance and programming, and pooling for iconic art pieces.

Conditions: None.

Restrictions: None.

Related Budget Program: Operating Program: #426 Recreation

Funding Sources: The annual amount transferred to the Public Art Reserve is approved by ALT before each multi-year budget cycle and is based on a calculation in accordance with the Corporate Public Art Policy.

Reserve approved to receive investment income:

Yes No

Special Reporting Requirements: None.

Current Activity (\$000s):

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Opening balance	5,883	5,105	4,093	3,272	2,607
Contributions from operations	-	203	26	-	-
Contributions to operations	(391)	(700)	(290)	(454)	(124)
Transfer between reserves	1,276	1,275	1,276	1,275	789
Closing balance	<u>6,768</u>	<u>5,883</u>	<u>5,105</u>	<u>4,093</u>	<u>3,272</u>

Source Contacts: **Business Unit – Calgary Recreation**
Financial Lead – R. Turley, Finance Lead
Operational Leads – A. Romero, Manager, Arts and Culture

Review Schedule: Last Review: 2016 Next Review: 2019

Utility Sustainment Reserve

Combined Operating & Capital Reserve (\$000s)

\$ 175,255
(2018)

Authorization: FCS2011-32, ~~and~~ PFC2013-0745, ~~UCS2018-0223 and UCS2018-0230.~~

Purpose: This reserve has been set up to provide ~~both~~ an operating contingency to offset revenue fluctuations and ~~to~~ manage cash flow; ~~thereby~~ ensuring funds are available to meet both operating and capital requirements, ~~and to provide for~~ capital financing needs associated with capital expenditures.

Conditions: The targeted level ~~for the sustainment portion of the reserve is 10% of total 120 days of Utilities operating expenditures Utility revenues.~~

Restrictions: None.

Related Budget Programs: Operating Program: #270 Utilities (Water Resources and Water Services)

Capital Programs: Various capital programs.

Funding Sources: Utility rate revenues at planned contribution levels and annual operating budget variances.

Portion of offsite levies to be spent in future years.

Reserve approved to receive investment income:

Yes No

Special Reporting Requirements: None.

Current Activity (\$000s):

	<u>2018</u>	<u>2017</u> (Restated)	<u>2016</u>	<u>2015</u>	<u>2014</u>
Opening balance	141,661	133,033	83,257	49,153	44,076
Investment income	5,164	4,469	2,774	2,091	1,034
Contribution from operations	233,907	213,619	200,219	156,849	100,738
Contributions to capital financing	(208,220)	(211,942)	(151,428)	(122,557)	(96,695)
Transfer from Fiscal Stability Reserve	2,743	2,482	310	-	-
Transfer to Real Estate Services Reserve	-	-	(2,099)	(2,279)	-
Closing balance	<u>175,255</u>	<u>141,661</u>	<u>133,033</u>	<u>83,257</u>	<u>49,153</u>

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Sustainment Funds	25,427	10,133	14,462	6,889	5,008
Offsite Levy Funds	81,202	60,615	85,257	59,438	29,061
Future Year Capital Funds	68,626	70,913	33,314	16,930	15,084
Total Reserve	<u>175,255</u>	<u>141,661</u>	<u>133,033</u>	<u>83,257</u>	<u>49,153</u>

Source Contacts: **Business Unit – Utilities**
 Financial Lead – B. Dykstra, Finance Lead
 Operational Leads – ~~N. Stalker, Director, Water Services~~
~~F. Bouchart, Director, Water Resources~~

Review Schedule: Last Review: 2016 Next Review: 2019

Waste and Recycling Sustainment Reserve

Combined Operating & Capital Reserve (\$000s)

\$ 63,083
(2018)

Authorization: FCS2011-33, PFC2013-0745 and PFC2016-0796.

Purpose: This reserve has been set up to provide **both** an operating contingency to offset revenue fluctuations and to manage cash flow, **thereby** ensuring funds are available to meet both operating and capital requirements, **and to provide** for capital financing needs associated with capital expenditures, as well as setting funds aside for the long-term landfill care and closure care landfill liability.

Conditions: A target balance for **sustainment contingency** purposes of 10% of current year's annual revenue is to be maintained.

Restrictions: None.

Related Budget Programs:
Operating Program: #252 Waste & Recycling Services
Capital Programs: #256 Landfill/Treatment Infrastructure
#257 Diversion Infrastructure
#258 Facilities & Equipment

Funding Sources: User fees at planned contribution levels and annual operating budget variances generated from self-supported programs.

Reserve approved to receive investment income:
 Yes No

Special Reporting Requirements: None.

Current Activity (\$000s):

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Opening balance	64,802	48,019	48,809	41,968	33,808
Contributions from operations	20,926	28,282	5,809	12,951	23,330
Investment income	3,821	3,974	2,575	2,705	2,221
Contributions from other sources (Pay-As-You-Go)	-	-	-	-	-
Contributions to capital financing	(12,514)	(11,496)	(6,844)	(6,330)	(14,015)
Contributions to operations (Landfill Closure Liability & Fleet Business Model)	(13,952)	(3,977)	(2,330)	(2,485)	(2,773)
Transfer to Public Art Reserve	-	-	-	-	(603)
Closing balance	<u>63,083</u>	<u>64,802</u>	<u>48,019</u>	<u>48,809</u>	<u>41,968</u>
Funds set aside for Sustainment Contingency purposes	11,068	9,054	8,947	9,660	10,278
Diversion	16,359	19,152	18,323	16,103	15,054
Landfill	1,003	7,205	338	7,271	6,002
Cash Requirement for Future Year Capital	34,653	29,391	20,411	15,775	10,634
Closing balance	<u>63,083</u>	<u>64,802</u>	<u>48,019</u>	<u>48,809</u>	<u>41,968</u>

Source Contacts: **Business Unit – Waste & Recycling Services**
Financial Lead – L. Peng, Finance Lead
Operational Lead – R. Valdarchi, Director

Review Schedule: Last Review: 2016 Next Review: 2019

Calgary Heritage Authority Reserve

Operating Reserve ('000s)

\$ 1,771

(2018)

Authorization: PFC2012-0159, PFC2015-0917 and PFC2018-1125

Purpose: Provide financial operating resources for the overall activities and responsibilities of the Calgary Heritage Authority ("CHA").

Conditions: Reserve will maintain a minimum, protected balance of \$1,338. This is the value of the initial funding and establishing endowment principal amount for this reserve's predecessor, the Calgary Heritage Authority Legacy Endowment Fund; refer to Funding Sources for additional information.

Restrictions: Funds are to be used at the sole discretion of the Calgary Heritage Authority to support their activities as mandated by the Calgary Heritage Authority Act.

Related Budget Programs:

Operating Program(s): #610 Calgary Growth Strategies (formerly #610 City Wide Policy & Integration) on behalf of the CHA.

Capital Program(s): NA

Funding Sources: The opening balance of this reserve is funded through the transfers from the CHA Legacy Endowment Fund (original funding from sale of unused density from fire hall #1 site) and transfers from the Heritage Preservation Fund. Investment income earned on the balances in this reserve will provide future funding.

Reserve approved to record allocation of investment income:

yes no

Special Reporting Requirements:

None

Current Activity (\$000s):

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Opening balance	1,772	1,765	1,770	1,736	1,698
Contributions from investment income	47	55	40	43	38
Contributions (to) operations	(48)	(48)	(45)	(9)	-
Closing balance	1,771	1,772	1,765	1,770	1,736

Closing balance consists of:

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Principal	1,338	1,338	1,338	1,338	1,338
Accumulated net interest	433	434	427	432	398
Closing balance	1,771	1,772	1,765	1,770	1,736

Source Contacts: Business Unit – Calgary Growth Strategies
Financial Lead – S. Mackenzie, Finance Lead
Operational Lead – J. Mueller, Manager, City Planning and Policy Services

Review Schedule: Last Review: 2018 Next Review: 2019

Heritage Incentive Reserve

\$ 1,242
(2018)

Operating Reserve (\$000s)

Authorization: FB2002-27, FCS2004-15, FCS2004-20, PFC2012-0159 and PFC2015-0917.

Purpose: To fund the implementation of the Heritage Incentive Program which began in 2003.

Grants are provided to non-city owned municipal historic resources to:

- Promote the rehabilitation and economic re-use of buildings designated as Municipal Historic Resources under the Historical Resources Act of Alberta ("HRA").
- Address inequities that property owners assume when rehabilitating buildings designated under the HRA.
- Revitalize and rehabilitate derelict or underutilized heritage buildings.
- Revitalize older communities and commercial districts.

Conditions: Specific Conditions relating to use of the reserve with respect to the grant application process, payment process, and sign requirements are detailed in report PFC2012-0159.

Restrictions: There shall be a maximum expenditure of 50% of the approved project costs or 15% of the current assessed value of the property; whichever is the lesser, except for special circumstances approved by Council. All grants may be paid out in a single payment or over the course of a 5-year period.

Applications may be accepted every five years but the total grant amount cannot exceed 50% of the approved project costs or 15% of the current assessed value of the property; whichever is the lesser, every 15 years except for special circumstances approved by Council.

Related Budget Program: Operating Program: #610 Calgary Growth Strategies (formerly #610 City Wide Policy & Integration)

Funding Sources: To be funded annually from operating budget #610 Calgary Growth Strategies (formerly #610 City Wide Policy & Integration). Prior to 2014, it was funded by operating budget #616 Land Use Planning & Policy (formerly #611 Planning & Transportation Policy).

Reserve approved to record allocation of investment income:

Yes No

Special Reporting Requirements: None.

Current Activity (\$000s):

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Opening balance	1,205	965	1,087	1,369	1,283
Contributions from operations	225	525	225	225	225
Contributions to operations	(223)	(285)	(347)	(507)	(139)
Investment income	35	-	-	-	-
Closing balance	<u>1,242</u>	<u>1,205</u>	<u>965</u>	<u>1,087</u>	<u>1,369</u>

Source Contacts:

Business Unit –
Financial Lead –
Operational Lead –

Calgary Growth Strategies
S. Mackenzie, Finance Lead
J. Mueller, Manager, City Planning & Policy Services

Review Schedule:

Last Review: 2018 Next Review: 2021

Mall Programming Fund

Operating Reserve (\$000s)

\$ 835
(2018)

Authorization: OE2001-03, PFC2012-0606, and PFC2018-1125.

Purpose: To maintain and supplement activities and programs on Stephen Avenue Mall, specifically in the 300 west block between Bankers Hall and Toronto Dominion Square.

Conditions: Funds are to be managed by the Mall Programming Fund Management Committee ("MPFMC") comprising of a representative from Gentra/Brookfield, Oxford Properties, the Calgary Downtown Association, and The City, with The City representative as chairman.

In the 2018 Triennial Reserve Review (PFC2018-1125), Council directed that any changes to the reserve resulting from the Stephen Avenue Masterplan and the terms of reference for the MPFMC be examined as part of the 2019 Triennial Reserve Review.

Restrictions: The MPFMC is authorized to approve expenditures that utilize the investment income earned by the Fund while any expenditure involving the principal of the Fund is subject to Council approval.

Related Budget Program: Operating Program: #651 Urban Strategy (formerly #612 Local Area Planning & Implementation)

Capital Program: #616 Centre City Initiatives

Funding Sources: The developer of Bankers Hall was required to pay \$850 to establish the Fund. The interest earned on the initial contribution will be used for programming activities on the 300-west block on Stephen Avenue. Interest income can be carried forward if not spent in the year which it was earned.

Reserve approved to record allocation of investment income:

X Yes No

Special Reporting Requirements: None.

Current Activity (\$000s):

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Opening balance	813	788	770	754	744
Investment income	22	25	18	18	16
Contributions to capital financing	-	-	-	(5)	(6)
Contributions to operations	-	-	-	3	-
Closing balance	<u>835</u>	<u>813</u>	<u>788</u>	<u>770</u>	<u>754</u>

Closing balance consists of:

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Principal Amount	688	688	688	688	688
Accumulated Net Investment Income	147	125	100	82	66
Closing balance	<u>835</u>	<u>813</u>	<u>788</u>	<u>770</u>	<u>754</u>

Source Contacts: **Business Unit –** **Urban Strategy**
 Financial Lead – M. Fung, Finance Lead
 Operational Lead – J. Tang, Program Manager

Review Schedule: Last Review: 2018 Next Review: 2021

Snow and Ice Control (“SNIC”) Reserve

\$ 5,426
(2018)

Operating Reserve (\$000s)

Authorization: PFC2012-0045, C2014-0863 and PFC2018-1125.

Purpose: Council directed Administration to establish a SNIC reserve during the 2012-2014 Business Plan and Budget debates. The reserve shall be used by business units to supplement their annual SNIC budgets in order to maintain Council’s approved SNIC policy during years with above average severity (the number of snow events and a combination of snow, temperature and wind). The eligible expenditures are those activities as defined in the Council Policy on Snow and Ice Control (LPT2011-57).

Calgary Transit’s contribution to this reserve may be used by Transit or Roads for eligible expenditures, in accordance with the Memorandum of Understanding between Calgary Transit and Roads dated 2018 October 1 and as defined in the Council Policy on Snow and Ice Control (LPT2011-57), to ensure the safety and mobility of Calgary Transit customers, pedestrians, cyclists and vehicles.

Conditions: If the reserve fund is depleted to zero in a future year, Administration will advise Council.

Fund balance cannot exceed \$15,000 per C2014-0863.

Restrictions: Withdrawals from the Roads-funded portion of this reserve by business units other than Roads require approval by the Reserve Operational Lead.

Related Budget Program: Operating Program: #132 Roads
110 Calgary Transit

Funding Sources: The reserve will be replenished from any surplus in Roads’ SNIC budget in winters with below average severity. Contributions of \$5,000 per year for 2015 and 2016 to the reserve from the Fiscal Stability Reserve (“FSR”) was approved in Action Plan 2015-2018.

The reserve may be replenished from any surplus from Calgary Transit’s snow removal priority accessibility budget.

In situations where a full contribution from both the Roads and Calgary Transit budget surpluses would cause the reserve to exceed its maximum balance, Roads’ surplus shall be contributed to the reserve first.

Roads will work with Finance at the end of April and December of each year to determine the required draw or replenishment of funds to the SNIC Reserve. Roads’ SNIC budget will not be adjusted in order to maintain the established baseline budgets.

Reserve approved to record allocation of investment income:
 Yes X No

Special Reporting Requirements: The terms of reference will be reviewed prior to the beginning of each business planning and budget cycle.

Current Activity (\$000s):

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Opening balance	12,482	15,000	8,940	-	4,141
Contributions from (to) operations	(17,177)	(3,437)	1,060	2,050	(4,141)
Contribution from Calgary Transit	621	919	-	1,890	-
Contribution from FSR	9,500	-	5,000	5,000	-
Closing balance	5,426	12,482	15,000	8,940	-

Closing balance attributable to:

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Roads	4,805	11,563	15,000	7,050	-
Calgary Transit	621	919	-	1,890	-
Closing balance	5,426	12,482	15,000	8,940	-

Source Contacts: **Business Unit – Roads**
 Financial Lead – L. Wong, Finance Lead
 Operational Lead – B. Biensch, Maintenance Manager

Review Schedule: Last Review: 2018 Next Review: 2021

Corporate Housing Reserve

Capital Combined Operating & Capital Reserve (\$000s)

\$ 31,622
(2018)

Authorization: FB99-62, CPS2002-57, LA2000-206, CPS2004-55, FCS2004-58, FCS2010-10, PFC2012-0606, LAS2013-06 and C2018-1158. Grant Funding Agreement 2007, 2008-2009 and 2009-2010, One Window Project Agreement 2017-2019.

Purpose: To support the development of affordable rental, social and special needs housing infrastructure and operating costs associated with affordable housing initiatives. **The reserve also accumulates the unspent portion of the Housing Incentive Program budget for later use, under circumstances where an entire incentive cannot be paid out in a single year.**

Conditions: In accordance with the terms of reference established for the reserve, the reserve will be used to support development initiatives that enhance or increase the supply of affordable rental and social/special needs housing. Municipal, non- profit, public and private organizations may be considered for funding, individually or as part of partnership/joint venture.

Funds contributed by a grant will be managed and used in accordance with the terms of the applicable grant agreement.

Funds contributed for the Housing Incentive Program are to be tracked and used separately from other funds in this Reserve.

Restrictions: External - \$ 13,272 Internal - \$ 6,009

2% of reserve (up to \$50 maximum) is designated as an emergency fund for unanticipated costs related to The City's Homeless Strategy.

Unless approved by Council **or as part of the Housing Incentive Program**, funding cannot be used to support operating and social support services associated with affordable housing.

Related Budget Program:
Operating Program: #495 Calgary Housing (previously #488 Land Servicing & Housing)
Capital Program: #489 Affordable Housing (previously #489 Public Housing)

Funding Sources:

- 1) The sale proceeds from selected City-owned properties that are surplus to the City's needs; sales proceeds from other City-owned properties not being used for affordable housing purposes and that are surplus to the City's needs shall be subject to Council approval through the Utilities and Corporate Services Committee (previously Land and Asset Strategy Committee – "LASC"); 5% of gross industrial land sales proceeds.
- 2) Lease revenues generated from the City-owned properties being utilized for current and future affordable housing initiatives.
- 3) Contribution of City funding (mill rate) for an amount equal to the amount previously paid in municipal subsidy agreements for provincially-owned public housing units.
- 4) Third party donations, grants and contributions from individuals, public and private organizations or agencies.
- 5) As approved in LA2000-206, 20% of net eligible revenues generated from Real Estate & Development Services (previously Corporate Properties) Residential Portfolio be transferred annually to Corporate Housing Capital Reserve to fund municipally operated housing initiatives.
- 6) **Base operating funds budgeted for the Housing Incentive Program that are unspent at year-end and anticipated to be disbursed in future years, and**
- 7) Investment income.

Investment income: Yes No

Special Reporting Requirements:

None.

Current Activity (\$000s):

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Opening balance	30,383	29,885	38,531	36,073	34,105
Investment income	655	754	645	762	597
Contributions from operations	2,165	1,595	2,235	3,155	4,895
Contributions to operations ⁽¹⁾	(2,083)	(1,026)	(8,242)	(403)	(647)
Contributions to debt repayment	-	(244)	(245)	(245)	(997)
Contributions to capital ⁽²⁾	(566)	(2,539)	(3,335)	(2,690)	(1)
Transfer (to)/from Reserve ⁽³⁾	1,068	1,957	296	1,879	(1,879)
Closing balance	<u>31,622</u>	<u>30,383</u>	<u>29,885</u>	<u>38,531</u>	<u>36,073</u>

(1) Contributions to operation:

2018: Includes funds used to fund the increased service around Implementation of The City of Calgary Corporate Affordable Housing Strategy (\$1,636), Provincial grant for One Window (\$442K); Secondary Suites (\$5K)

2017: Includes funds used to fund the increased service around Implementation of The City of Calgary Corporate Affordable Housing Strategy (\$861);

2016: Includes funds transferred to Calgary Housing Company - purchase of East Village (\$8,000).

(2) Contributions to capital:

2018: Kingsland (\$407), Bridgeland (\$27), AH Pre-development (\$32); Lifecycle Maintenance (100)

2017: Kingsland (\$699), Bridgeland (\$1,693), AH Pre-development (\$147);

2016: Demolition at Louise Station (\$1,000), Kingsland (\$1,204), Bridgeland (\$1,080), AH Pre-development (\$51);

2015: Construction with redesign of building and configuration for Kingsland (\$1,044) and demolition at Louise Station (\$1,646);

2014: Completion of North Manchester (\$1);

(3) 5% of the Industrial Land sale revenue was contributed from operations which amount to

2018 \$1,068

2017 \$1,957

2016 \$297

2015 a correction was made to reclassify the AHCC mortgage payment of \$1,879 from contributions from operations to transfer between reserves. This correction is for the 2014 mortgage payment.

2014 \$3,215

Source Contacts:

Business Unit –

Financial Lead –

Operational Lead –

Calgary Housing

M. Alarakyia, Finance Coordinator and

S. MacFayden, Finance Manager

B. Irvine, Manager

Review Schedule:

Last Review:

2018

Next Review:

2019

Fleet Services ~~Capital Reserve~~

\$ 9,766

Combined Operating & Capital Reserve (\$000s)

(2018)

Authorization: Commissionaires Report, FCS2010-10, FCS2011-34 PFC2014-0847, and C2017-1123

Purpose: ~~To finance future Fleet Services Capital Expenditures under Council's approval.~~

The Fleet Services Reserve will be used to stabilize the budget during fluctuations in the external market value of retired assets. This will help Fleet Services ensure consistent, sustainable services as well as provide its clients the most efficient service possible.

The Fleet Services reserve will also be used to fund Capital Expenditures ~~under Council's Approval.~~

Conditions: The maximum balance for this reserve is \$10,000.

Restrictions: The reserve may only contribute to Fleet's operating program to fund net asset disposal losses, and only to the amount of any net asset disposal loss in the year. This reserve may not contribute any amount to operating that would create or increase a net favourable operating surplus for Fleet Services.

Related Budget

Programs: Capital Program(s): #871 Acquisitions
Operating Program: #870 Fleet Services

Funding Sources: Allocation of operating proceeds from disposal of capital assets and operating budget surpluses.
Reserve approved to record allocation of investment income:
 Yes No

Special Reporting

Requirements: None

Current Activity (\$000s):

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Opening balance	10,933	14,326	10,456	4,042	-
Gain/(loss) on asset disposals	530	(178)	961	1,496	278
Contributions from operations	3,303	1,685	2,909	4,918	3,764
Contributions to capital financing	(5,000)	-	-	-	-
Contributions to Budget Savings Account ⁽¹⁾		(4,900)	-	-	-
Closing balance	<u>9,766</u>	<u>10,933</u>	<u>14,326</u>	<u>10,456</u>	<u>4,042</u>

(1) The contribution to the Capital Budget Savings Account is a one-time contribution, which was made as per the recommendations noted in the 2017 Triennial Reserve Review Report, C2017-1123.

Source Contacts: **Business Unit – Fleet Services**
Financial Lead – E. Jarvo, Finance Lead
Operational Lead – M. Belzile, Manager, Business Operations

Review Schedule: Last Review: 2017 Next Review: 2020