

Reserve Review Comments and Recommendations

Reserve Name	Att. 2 Page No.	Reserve Type	Balance 2018 (in '000s)	General Comments and Reasons for Recommendations (numerical values in thousands)	Recommendation(s) for Approval (numerical values in thousands)
Parks Foundation Reserve	1	Operating	\$2,471	<p>This reserve was established in 1998 as a repository for \$2,000 in matching funds contributed by The City to support the Calgary Parks Foundation's administration and programming.</p> <p>The Parks Foundation Calgary Investment Policy (CFO-009) was last reviewed in 2007. It is considered a best practice to review investment policies on a regular basis.</p>	Recommend that Administration review the Parks Foundation Calgary Investment Policy (CFO-009) in 2020, in conjunction with the review of The City's investment policies.
Tax Loss Provision Reserve	2	Operating	\$37,398	<p>This is a contingency reserve where funds are set aside for the event of a substantial unanticipated adverse outcome from Assessment complaints and appeals.</p> <p>In 2019, the entire balance of this reserve was transferred to the Major Capital Projects Reserve (C2019-0525) to provide funding for four long-term priority capital projects.</p> <p>The Tax Loss Provision Steering Committee has determined that this reserve should remain open and intends to re-fund it in future years using the reserve's approved funding source.</p>	To improve clarity, revise the conditions and funding sources of this reserve as shown in Attachment 2.
Artificial Turf Field Lifecycle Reserve	3	Capital	\$4,803	<p>This reserve is used to support the capital lifecycle needs of The City's artificial turf fields.</p> <p>In 2018, \$285 was contributed to this reserve by contract for environmental contingency purposes relating to the Genesis Centre. These funds are held separate from the remainder of this reserve and are currently not an authorized use of this reserve.</p> <p>The requirement for Council to approve all withdrawals from this reserve is inconsistent with other reserves and is redundant, as capital projects funded from this reserve are already approved by Council as part of Council's approval of the capital budget.</p>	<p>Revise the purpose, restrictions, funding sources, and current activity section for this reserve as shown in Attachment 2, and approve the use of this reserve for the Genesis Centre Environmental Contingency.</p> <p>Remove the additional requirement for Council to approve withdrawals from this reserve for artificial turf replacement.</p>
Community Investment Reserve	4	Capital	\$43,704	<p>This reserve is used to invest in priority community capital infrastructure and address emerging community needs, and to target the reduction of the growing infrastructure gap.</p>	To align with the authorizing documents, revise the funding sources section of this reserve as shown in Attachment 2.
Debt Servicing Reserve	6	Capital	\$52,570	<p>This reserve is used for principal and interest payments of tax-supported debt as well as contributions to the Lifecycle Maintenance and Upgrade Reserve (LMUR) and the Pay-As-You-Go (PAYG) component of the Reserve for Future Capital (RFC).</p> <p>The reserve balance has remained constant over several years.</p> <p>The Triennial Reserve Review Administrative Committee has recommended internal process changes to improve this reserve's account coding.</p>	<p>To improve clarity and include further information from the reserve's authorizing documents, revise the purpose, conditions, restrictions and funding sources of this reserve as shown in Attachment 2.</p> <p>Recommend that Administration consider any potential changes to this reserve as part of The City's capital financing strategy review.</p>

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Legacy Parks Reserve	8	Capital	\$7,025	<p>This reserve was established to create new park space and enhance existing parks.</p> <p>The reserve is funded by greater-than-budgeted annual ENMAX dividends received less any dividends contributed to the ENMAX Dividend Stabilization Reserve.</p> <p>In 2016, the Legacy Parks Fund Steering Committee was disbanded and all of its powers, duties and functions were amalgamated into the SPC on Community and Protective Services. As a result, the special reporting requirement is no longer relevant.</p>	<p>Approve a revision to the funding source of this reserve, as shown in Attachment 2, to improve clarity and ensure consistency between this reserve and the ENMAX Dividend Stabilization Reserve as recommended in the 2018 Triennial Reserve Review (PFC2018-1125).</p> <p>Remove the special reporting requirement for this reserve, as shown in Attachment 2.</p>
Revolving Fund Reserve for General Land Purchases	10	Capital	\$119,750	<p>This reserve is used to acquire land required for City use in a timely manner for projects beyond the current budget cycle, improvements to city-owned land and program administration.</p> <p>The special reporting requirements for this reserve have not been met. The implementation of the Corporate Land Management Framework (CLMF), including new governance structures and additional reporting, has provided increased governance and oversight. As such, the special reporting requirements may no longer be necessary. Real Estate & Development Services (RE&DS) has requested to remove the special reporting requirements from this reserve.</p> <p>The reserve has long funded both capital and operating programs; the reserve should be formally re-classified to a "Combined Operating & Capital" reserve to reflect this.</p> <p>One funding source for this reserve is the repayment of land purchases by business units. Currently, these repayments are not included in the reserve's budget. RE&DS is currently exploring budgeting and accounting for business unit repayments.</p>	<p>Revise the reserve type, related budget programs, funding sources and special reporting requirements as shown in Attachment 2.</p> <p>Approve the removal of the special reporting requirements for this reserve.</p> <p>Follow up on the implementation of the new budgeting and accounting processes for business unit repayments in the 2020 Triennial Reserve Review.</p>
TELUS Convention Centre Reserve	12	Capital	\$200	<p>This reserve is used by The City to provide the TELUS Convention Centre with \$180 of annual funding for small lifecycle maintenance projects.</p> <p>The current operating agreement between The City and the TELUS Convention Centre, which governs The City's annual funding, does not mandate that any portion of the grant is used for lifecycle maintenance. This reserve's funding is used toward lifecycle maintenance.</p>	<p>Recommend that, when The City's Operating Agreement with the TELUS Convention Centre is next revised, it should mandate that a portion of The City's grant be used for lifecycle maintenance.</p>

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Community Sustainability Reserve	13	Sustainment	\$2,062	This reserve provides interim support to assist community associations in need of short term funding to address operational shortfalls, and stabilization and redevelopment assistance.	No Council recommendation at this time.
Planning & Development Sustainment Reserve (Proposed)	15	Sustainment	\$77,908	<p>This 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.</p> <p>This is one of two portions of the Calgary Building Services (CBS) & Calgary Community Standards (CCS) Sustainment Reserve. Administration has determined that these two reserves should be separated as there are two reserve purposes that are managed and tracked separately by two different departments.</p> <p>Since the last Triennial Reserve Review in 2016, operating programs have been updated to reflect Planning & Development's (PD) changes, increasing visibility of which operating programs are attributed directly to the reserve. The reserve budget is conservative relative to historical actual results and the adoption of a new financial forecast has been established to more accurately project and monitor annual fee-based service activity. The new financial forecast requires further monitoring and review to ensure it supports effective reserve management.</p> <p>The operational lead has indicated that improved service delivery and expenditure reductions occurred and that user fees were frozen from 2016-2020. Including the net impact of these cost reductions and rate freezes, the reserve balance exceeded the \$60,000 guideline maximum in the review period. PD is proposing to change the reserve target balance to 75% of the annual budgeted fee-based operating expenditures. This target is based on research of other major Canadian municipalities, and will account for inflation. The target balance under the new calculation would be approximately \$62,400 in 2019.</p> <p>The Triennial Reserve Review Administrative Committee has recommended internal process changes to improve the efficiency of this reserve's accounting records.</p>	<p>Approve the proposed reserve template as shown in Attachment 2 to establish the reserve as separate from the Business Licence Sustainment Reserve, to reflect additional operating programs, and to include the new target balance formula.</p> <p>Recommend that the reserve financial and operating leads:</p> <ol style="list-style-type: none"> 1. Review and align the reserve budget in the context of the new Planning & Development financial forecast; and 2. Review the alignment of fee revenues and expenditures with the service based approach and associated reserve processes. <p>Include a follow-up on the results of the above reviews in the 2020 Triennial Reserve Review.</p>

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Business Licence Sustainment Reserve (Proposed)	17	Sustainment	\$10,234	<p>This reserve will be used to stabilize the business licensing budget during fluctuations in the business sector to ensure consistent, sustainable, self-supporting customer and regulatory services.</p> <p>This is one of two portions of the Calgary Business Services (CBS) & Calgary Community Standards (CCS) Sustainment Reserve. Administration has determined that these two reserves should be separated.</p>	<p>Approve the proposed reserve template as shown in Attachment 2 to approve the establishment of this reserve as separate from the Development & Building Safety Services Sustainability Reserve.</p>
Livery Transport Services Sustainment Reserve	19	Sustainment	\$4,818	<p>This reserve is used to stabilize livery fees and financing to benefit the industry while achieving a balanced budget without tax rate support.</p> <p>In 2016, the Triennial Reserve Review (PFC2016-0796) recommended that the business unit consider implementing a target balance for this reserve once they have obtained a better understanding of the impact of the Transportation Network Companies (TNCs).</p> <p>As only two years of information regarding the effects of the TNCs is available, and as the review of the Livery Transport Bylaw is scheduled to be completed by Q1 2021, which may affect future revenues and this reserve, Administration has not established a target balance at this time.</p> <p>The Triennial Reserve Review Administrative Committee has recommended internal process changes to this reserve's budgeting.</p>	<p>Revisit this reserve's target balance at its next regularly scheduled Triennial Reserve Review (2022) in light of potential changes arising from the review of the Livery Transport Bylaw and to take into account additional information available relating to the impacts of TNCs.</p>
Parks Endowment and Sustainment Reserve	20	Sustainment	\$4,510	<p>This reserve consists primarily of endowment and other third party donations, and is used to develop, enhance and maintain parks operations.</p> <p>The Triennial Reserve Review Administrative Committee has recommended internal process changes to improve the accuracy of this reserve's accounting and budgeting transactions.</p>	<p>Revise the authorizing documents, conditions, restrictions and funding source for this reserve as shown in Attachment 2 to improve clarity and include additional information.</p>
Perpetual Care of the Municipal Cemetery System Reserve	22	Sustainment	\$19,519	<p>Reserve is used to fund operational activities, annual operating deficits, capital lifecycle maintenance and upgrades, and land acquisition and development costs associated with municipal cemeteries.</p> <p>The funding source of this reserve should be revised to include annual cemetery operating surpluses. This helps offset any cemetery operating deficits, which are already an approved use of the reserve.</p> <p>The Triennial Reserve Review Administrative Committee has recommended internal process changes to improve the efficiency of this reserve's accounting records and budgeting.</p>	<p>Revise the reserve name, purpose, and current activity section for this reserve to improve clarity and amend the funding source as shown in Attachment 2.</p>

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Public Art Reserve	23	Sustainment	\$6,768	<p>This reserve is used for public art conservation, lifecycle maintenance and programming, and to pool funds for iconic art pieces.</p> <p>The Public Art Program is currently being reviewed. As part of this review, Council has approved that The City's Public Art Program be moved to an existing, external, local organization, selected through a competitive process, and will receive a report providing recommendations on a successful proponent no later than Q2 2020. These changes may impact the reserve.</p>	Follow-up on this reserve in the 2021 Triennial Reserve Review to identify and address any impacts of the changes resulting from the review of the Public Art Program.
Utility Sustainment Reserve	24	Sustainment	\$175,255	<p>This reserve is used to provide an operating contingency to offset revenue fluctuations and 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.</p> <p>In 2018, the SPC on Utilities and Corporate Services approved a change in the sustainment target balance for this reserve from 10% of revenues to 120 days of operating expenditures in reports UCS2018-0223 and UCS2018-0230, effective 2019. This change is based on industry best practice and was recommended by an external consultant.</p> <p>According to the Council Policy on Reserves (CFO-013), changes to reserve conditions, including target balances, may only be approved by Council through the Priorities and Finance Committee.</p>	<p>Ratify the change to the reserve's sustainment target balance approved in UCS2018-0223 and UCS2018-0230, and as shown in Attachment 2.</p> <p>To improve clarity, revise the purpose of this reserve as shown in Attachment 2.</p>
Waste and Recycling Sustainment Reserve	25	Sustainment	\$63,083	<p>This reserve has been set up to provide 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.</p> <p>The Triennial Reserve Review Administrative Committee has recommended internal process changes to improve the efficiency of this reserve's account coding and budgeting.</p>	To improve clarity, revise the purpose, conditions, and current activity section of this reserve as shown in Attachment 2.

2018 Follow-Up Reserve Review Comments and Recommendations

Reserve Name	Att. 2 Page No.	Reserve Type	Balance 2018 (in '000s)	General Comments and Reasons for Recommendations (numerical values in thousands)	Recommendation(s) for Approval (numerical values in thousands)
Calgary Heritage Authority Reserve	26	Operating	\$1,771	<p>The 2018 Triennial Reserve Review recommended that this reserve be re-examined on a limited scope to determine whether any changes to its funding sources have been necessitated by the results of the One Calgary budgeting process.</p> <p>It was determined that the 2019-2022 One Calgary budget had no direct effect on this reserve.</p> <p>The reserve template was not fully revised in accordance with the recommendations of the 2018 Triennial Reserve Review.</p>	Approve clerical corrections to the authorizing document, purpose, and current activity section as shown on Attachment 2 to fully implement the recommendations of the 2018 Triennial Reserve Review.
Heritage Incentive Reserve	27	Operating	\$1,242	<p>The 2018 Triennial Reserve Review recommended that this reserve be re-examined on a limited scope to determine whether any changes to its purpose, conditions, restrictions or funding sources have been necessitated by the results of the One Calgary budgeting process.</p> <p>It was determined that the 2019-2022 One Calgary budget has provided this reserve with \$340 in total one-time funding from 2020-2022 and a base budget increase of \$275 starting in 2020. This increase in funding will flow through the reserve's existing approved funding source and will not necessitate any changes to the reserve's terms.</p>	No Council recommendation at this time.
Mall Programming Fund	29	Operating	\$835	<p>The 2018 Triennial Reserve Review recommended that any changes to the reserve resulting from the Stephen Avenue Masterplan and the terms of reference for the Mall Programming Fund Management Committee (MPFMC) be examined.</p> <p>The MPFMC was re-convened in 2019 and has not yet had an opportunity to develop new terms of reference. This is targeted for completion by Q2 2020.</p> <p>The Re-imagine Stephen Avenue Project is currently underway and is anticipated for completion in 2020-2021.</p>	Include the 2018 Triennial Reserve Review follow-up item as a carry-forward at this reserve's next regularly scheduled Triennial Reserves Review (2021).
Snow and Ice Control ("SNIC") Reserve	31	Operating	\$5,426	<p>The 2018 Triennial Reserve Review recommended that this reserve's target balance be reviewed in light of potential changes to Snow and Ice Control (SNIC) service levels as part of the One Calgary budgeting process.</p> <p>SNIC did not receive an increase to its base funding for enhanced service levels as part of the One Calgary budget. However, there is an ongoing pilot project for enhanced service levels based on one-time funding received in 2018 and 2019.</p>	Revisit this reserve's target balance as part of the 2020 Triennial Reserve Review in light of the results of the one-time enhanced service level pilot project.

2018 Follow-Up Reserve Review Comments and Recommendations

Reserve Name	Att. 2 Page No.	Reserve Type	Balance 2018 (in '000s)	General Comments and Reasons for Recommendations (numerical values in thousands)	Recommendation(s) for Approval (numerical values in thousands)
Corporate Housing Reserve	33	Capital	\$31,622	<p>The 2018 Triennial Reserve Review recommended that this reserve be re-examined in 2019 in light of potential changes relating to the Housing Incentive Program that may be approved as part of the One Calgary budget process.</p> <p>The Housing Incentive Program, as approved by Council in the 2019-2022 budget, now requires a reserve component to allow for the accumulation and use of incentive funds across multiple years. This Program would be managed, tracked and reported separately from the remainder of the reserve, starting in 2019.</p>	Revise the reserve's type, purpose, conditions, restrictions, and funding sources as shown in Attachment 2 to allow this reserve to be used for the Housing Incentive Program.

2019 Reserves New Business Comments and Recommendations

Reserve Name	Att. 2 Page No.	Reserve Type	Balance 2018 (in '000s)	General Comments and Reasons for Recommendations (numerical values in thousands)	Recommendation(s) for Approval (numerical values in thousands)
Fleet Services Capital Reserve	36	Capital	\$9,766	<p>Fleet Services requested that revisions to this reserve be brought forward as part of the 2019 Triennial Reserve Review. The Triennial Reserve Review Administrative Committee has reviewed and supports the requested revisions. A full review of this reserve was not performed as it was not scheduled for review this year.</p> <p>Fleet Services has requested that this reserve be amended to allow for its use to stabilize the Fleet Services 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.</p>	Approve the requested revisions to the reserve name, type, purpose, conditions, restrictions and related budget programs as shown in Attachment 2.