

Overall Triennial Reserve Review Results

The purpose of the Triennial Reserve Review (TRR) is to ensure that:

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

The overall TRR results are as follows:

i. Reserve activity meets all authorizing documents requirements

Overall, reserves reviewed are being administered as intended, with the following exceptions.

There were additional contributions made to the Calgary Police Service Helicopter Maintenance Reserve and Calgary Police Service Capital Reserve (Red Light Camera portion) in 2020; these timing differences were corrected in 2022 where no contributions were made to the reserves.

Report PFC2021-0487 authorized the Parking Revenue Reinvestment Reserve to receive investment income commencing in 2021; this has not been reflected on the reserve template, nor was investment income assigned to the reserve in 2021 or thereafter. Investment income should be allocated to this reserve retroactively from the 2021 effective date authorized in PFC2021-0487.

The Downtown Improvement Fund Reserve should be reclassified to an operating and capital (sustainment) reserve in accordance with reserve authorizing documents.

In 2018, Council approved to cease contributions to the LED Street Light Re-Lamping Reserve and authorized closure of the reserve once it has been depleted (PFC2018-1125). However, contributions to the reserve continued through 2019 and 2020. In 2020, Council approved a capital budget adjustment (C2020-1215), which allocated \$4,500 of the reserve's balance to fund a safety initiative to replace streetlights that represented a safety risk. Refer to iv. below for the recommendation to draw down and close this reserve.

Refer to Attachment 3 for further information and to Attachment 4 to view recommended changes.

ii. Reserve activity is in accordance with City reserve policies and procedures

Overall, the reserve activity reviewed was recorded in a timely fashion and in accordance with Council and Administrative reserve policies and procedures.

It is recommended that reserve budgets are reviewed for the:

- 911 Communications Centre Capital Financing Reserve to determine if any revisions are required to the reserve financing (follow-up item in 2024); and
- Waste and Recycling Sustainment Reserve to determine if any revisions are required to the reserve budgeted inflows and outflows as a result of the new residential charges that were effective in 2023 (follow-up item in 2024).

The Major Capital Project Reserve presentation on the reserve template should be revised to provide clarity on the CMLC loan for the BMO Convention Centre and to align with The City's Annual Report.

In addition, it is recommended that internal record improvements be made for the Parking Revenue Reinvestment Reserve, 911 Communications Centre Capital Financing Reserve, Opportunity Calgary Investment Fund (OCIF), and the Planning & Development Sustainment Reserve.

Refer to Attachment 3 for further information and to Attachment 4 to view recommended changes.

iii. The reserve's purpose, conditions and/or restrictions are still relevant

Overall, the reserves' purposes, conditions and/or restrictions are still relevant, except for the items outlined below.

For the Parking Revenue Reinvestment Reserve approximately \$200 is recommended to be transferred to the reserve from the Cash-in-Lieu Capital Deposit.

The 911 wireless grant funding source for the 911 Communications Centre Capital Financing Reserve should be removed as this grant is a capital deposit.

The Downtown Improvement Fund Reserve annual maximum spend is recommended to be increased from \$300 to \$450 to enable further spending in priority projects.

The Fleet Services Reserve purpose is recommended to be revised to include unbudgeted increases in depreciation and interest expenses, as well as to sustain operations during unexpected inflationary pressures and cost escalations not budgeted for.

The Waste and Recycling Sustainment Reserve target balance is recommended to be revised to 120 days of Operating and Maintenance (O&M) costs (based on the forecasted operating budget) in accordance with a consultant's report. Also, the diversion and landfill balances on the reserve template should be recategorized to Sustainment Funds to be included in the sustainment reserve target balance.

In addition, there are instances where some reserves' purpose, conditions and/or restrictions are recommended to be updated to improve clarity.

Refer to Attachment 3 for further information and to Attachment 4 to view recommended changes.

iv. The reserve is still required in its current form

As part of the review, the Administrative Review Committee questions whether every reserve being reviewed is needed or can be closed, considering plans for the strategic use of the reserve in the future, the business model, and the current economic climate.

It is recommended that the LED Street Light Re-Lamping Reserve be closed once its remaining funds, earmarked for a safety initiative, are spent. Contributions to the reserve are to be discontinued, with prior unauthorized contributions retained in the reserve until spent.

The Cash-in-Lieu Lifecycle Sustainment Reserve should be merged with the Calgary Parking Capital Reserve Fund Reserve in 2023 as they overlap and there is no business need to maintain them separately.

Refer to Attachment 3 for further information and to Attachment 4 to view recommended changes.

The Administrative Review Committee also made recommendations to follow-up on reserves in future TRR's as additional time is required by Reserve Owners to assess potential reserve revisions due to ongoing strategic analysis. Administration recommends follow-ups for the following reserves:

Planning & Development Sustainment Reserve

- Follow-up in 2023 for:
 - Any potential reserve changes on the impacts of the realignment to the reserve user fee and tax funded ratio; and
 - Whether to implement a maximum reserve balance and any implications to the fee structure, after the PD Continuum comprehensive review is completed.

Calgary Police Service Helicopter Maintenance and Calgary Police Service Capital Reserve

Follow-up in 2024 for potential structural changes to Calgary Police Service Reserves.

Snow and Ice Control (SNIC) Reserve

- Follow-up in 2024 for:
 - The relevance of the current maximum balance once the SNIC policy is reviewed; and
 - Any adjustments to Park's SNIC operating budget.

911 Communications Centre Capital Financing Reserve

Follow-up in 2024 for operating and capital forecasting and reserve financing and whether a minimum balance should be established.

Calgary Parking Capital Reserve Fund and Calgary Parking Long Term Investment Fund

Follow-up in 2024 for any reserve changes arising from Calgary Parking's new funding model and the reserve's interactions with other City sources of financing, including other reserves.

Waste and Recycling Sustainment Reserve

Follow-up in 2024 on whether budgeted inflows and outflows should be revised as a result of the new residential charges that were effective in 2023.

Downtown Improvement Fund

Follow-up in 2025 for potential reserve changes resulting from the exploration of the integration of planning and budgeting considering the Downtown Strategy work.

Golf Course Levy Reserve

Follow-up in 2025, once the golf course long-term strategic plan is developed, for whether a target balance should be established and whether the funding sources should be revised.