

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 document requirements

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

For the Artificial Turf Field Lifecycle Reserve, \$175,000 was contributed to the reserve in 2021 that was not aligned with the authorized funding source for this reserve. This contribution to the reserve was required due to unforeseen circumstances and was made to ensure sufficient funding for the future replacement of artificial turf fields. It is recommended that the reserve funding sources for this reserve be amended to account for unforeseen circumstances to ensure lifecycle replacements can still be funded when required.

For the Public Art Reserve, there were no calculations and formal approval obtained from the Executive Leadership Team (ELT) for the annual transfers to the reserve in 2021 and 2022, as required per the reserve terms. The same amounts as in the prior budget cycle were carried forward to fund the reserve. It is recommended that the reserve owner:

- Review the 2021 and 2022 funding provided to the reserve, by Q4 2023, and determine whether the reserve was over or under funded and remediate if required;
- Obtain proper approvals for the annual reserve funding; and
- Provide this information to the Administrative Review Committee for their review in the 2024 Triennial Reserve Review.

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 the adequacy of the budgeted annual contribution to the Hardware Replacement component of the Information Technology Reserve be reviewed.

In addition, it is recommended that process improvements be made for the Parks Foundation Reserve and Artificial Turf Field Lifecycle 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.

It is recommended that revisions be made to the Fiscal Stability and Operating Budget Savings Account Merged Reserve due to the recommended closure of the ENMAX Dividend Stabilization Reserve (refer to below) and the recommended structural changes to the Self-Insurance Reserve (refer to below).

It is recommended that the Parks Foundation Reserve purpose be revised to remove the intent to eliminate the annual contribution from The City to Parks Foundation Calgary's operating budget as this is no longer relevant.

For the Self-Insurance Reserve, the reserve terms need to be revised due to the following recommended structural changes:

- Transfer \$5,000,000 to the Fiscal Stability and Operating Budget Savings Account Merged Reserve;
- Maintain the \$2,000,000 regulatory requirement in the Self-Insurance Reserve; and
- Manage any future Risk Management and Claims annual operating budget deficits in the Fiscal Stability and Operating Budget Savings Account Merged Reserve, after considering any annual department surpluses.

For the Artificial Turf Field Lifecycle Reserve, it is recommended to include an additional reserve funding source for unforeseen circumstances and to remove the special reporting requirement that is not relevant.

For the Legacy Parks Reserve it is recommended to update the reserve conditions and funding sources to remove the references to the ENMAX Dividend Stabilization Reserve that has been recommended for closure (refer to below).

For the Public Art Reserve, it is recommended that the reserve purpose and restrictions be updated to include the funding of operating costs to the third-party operator contracted to operate the Public Art Program in collaboration with Administration.

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 to close the ENMAX Dividend Stabilization Reserve and to transfer the \$18,000,000 balance to the Fiscal Stability and Operating Budget Savings Account Merged Reserve and to manage any future dividend budget risks in this reserve. As the Fiscal Stability and Operating Budget Savings Account Merged Reserve can manage

this risk, the reserve is not required.

As noted above, the following structural changes are recommended for the Self-Insurance Reserve:

- Transfer \$5,000,000 to the Fiscal Stability and Operating Budget Savings Account Merged Reserve;
- Maintain the \$2,000,000 regulatory requirement in the Self-Insurance Reserve; and
- Manage any future Risk Management and Claims annual operating budget deficits in the Fiscal Stability and Operating Budget Savings Account Merged Reserve, after considering any annual department surpluses.

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

Reserve Follow-Up Recommendations

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:

Reserve	Follow-Up Summary	Year of Follow-Up
Calgary Police Service Court Fine Revenue Operating Reserve	Chief Financial Officer and Director Finance to hold discussions on potential structural changes to Calgary Police Services Reserves.	2024
Mall Programming Fund	Reserve owner to create a plan for the use of this reserve for this budget cycle.	2024
Information Technology Reserve	For the Hardware Replacement component of the reserve, reserve owner to determine the maximum balance based on risk and to assess the adequacy of the budgeted annual contribution to the reserve.	2024
Public Art Reserve	Reserve owner to review the funding provided to the reserve, determine whether the reserve was over or under funded and remediate if required, and obtain proper approvals for the annual reserve funding.	2024
Revolving Fund Reserve for General Land Purchases	Reserve owner to review the recording of loans repayable from business units in The City's accounting system and to record repayment amounts based on the review.	2025
Planning & Development Sustainment Reserve	Reserve owner to assess whether to implement a maximum reserve balance and the implication to the fee structure, after the Planning & Development continuum has been in place for a year.	2025
Livery Transport Services	Reserve owner to review whether this reserve should have a target balance.	2026

Refer to Attachment 3 for further information.

In addition, 2 follow-up recommendations were made by the Administrative Review Committee for strategic reviews that will be stewarded by the areas noted below and will not be followed-up on by the Administrative Review Committee.

Reserve	Follow-Up Summary
Fiscal Stability and Operating Budget Savings Account Merged Reserve	The Corporate Budget Office (CBO) to review and clarify the definition of tax-supported operating expenditures as part of their strategic review of the Fiscal Stability and Operating Budget Savings Account Merged reserve.
Legacy Parks Reserve	The Corporate Budget Office, Capital Prioritization and Infrastructure, Parks, and Corporate Planning and Performance, to review the commitment of ENMAX dividend budget surpluses in advance of next year's mid-cycle budget adjustments.

Refer to Attachment 3 for further information.