

THE CITY OF CALGARY
REPORT ON
RESERVES AND LONG TERM LIABILITIES
2014

July 2015

Relevant excerpts from the 2014 Annual Reserve Report

Calgary Heritage Authority Reserve

Operating Reserve (\$000s)

1,736

(2014)

Authorization: PFC2012-0159

Purpose: Provide financial ~~capital and~~ operating resources for the overall activities and responsibilities of the Calgary Heritage Authority ("CHA"). ~~These include ongoing work on The City of Calgary ("The City") Inventory of Evaluated Historic Resources, public awareness initiatives including the bi-annual Lion Awards for historic preservation and other projects or programs to be developed by the CHA.~~

Conditions: Reserve will maintain a minimum, protected balance of \$1,338.

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. ~~This includes maintain and amending Inventory of Evaluated Historic Resource and managing a plaque and awards program.~~

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.

Investment income: x yes no

Related Budget Programs:

Operating program: #610 City Wide Policy & Integration (on behalf of the Calgary Heritage Authority) (Previously #616 Land Use Planning & Policy)

Special Reporting Requirements: None

Current Activity (\$000s):

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Opening balance	1,698	1,664	-	-	-
Transfer from CHA Legacy Endowment Fund (1)	-	-	1,487	-	-
Transfer from Special Reserve for Heritage Preservation (1)	-	-	141	-	-
Investment Income	38	34	36	-	-
Closing balance	<u>1,736</u>	<u>1,698</u>	<u>1,664</u>	<u>-</u>	<u>-</u>

(1) As per report PFC2012-0159, the Calgary Heritage Authority Legacy Endowment Fund was closed and balances transferred to Calgary Heritage Authority Reserve.

Source Contacts: Financial – L. Mandryk, Acting Finance Lead, PDA, Finance & Supply
Operational – M. Broadhurst, Manager, City Wide Strategy

Review Schedule: Last Review: N/A Next Review: 2015

Children's Reserve Fund

Operating Reserve (\$000s)

\$ 4,605
(2014)

Authorization:	C2000-07, FCS2004-22, CPS2008-87, FCS2010-19, FCS2011-34 and PFC2012-0606
Purpose:	<p>To support access for low-income families and their children (up to 18 years of age) or directly for low income children, to programs which will enhance their social well-being (including arts, recreation and sports programs).</p> <p>To support cross-business unit or inter-departmental initiatives that enhances The City's ability to respond to social needs and contribute to improving the quality of life for low income Calgarian families and their children.</p> <p>To meet the fiscal schedule of the school year, any remaining funds from the operations of City Hall School at year end will be placed in the Children's Reserve Fund to bring them forward to future years.</p>
Conditions:	Administration may use up to 100% of the annual interest earned to help fund operating programs for children and youth. Interest earned not used in a year can be carried forward into future years.
Restrictions:	Funds placed in this reserve on behalf of City Hall School are to be held until used by City Hall School. 100% of investment income earned on the non-City Hall School reserve funds to be used to support the other purposes.
Funding Sources:	<p>As per Report FCS2004-22 in 2004 all funds from the Emerging Social Issues Reserve have been transferred to a new Children's Reserve Fund. There was an originating balance of \$3,816 from the Emerging Social Issues Reserve. Remaining funds from the operations of City Hall School at year end should be brought forward to the next year. Other sources are at the discretion of Council.</p>
Related Budget Programs:	<p>Investment income: <input checked="" type="checkbox"/> yes <input type="checkbox"/> no</p> <p>Operating program: #421 Community & Neighbourhood Services</p>
Special Reporting Requirements:	None

Children's Reserve Fund continued

Current Activity (\$000s):

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Opening balance	4,595	4,502	4,492	3,971	3,968
Investment Income	101	93	99	104	103
Contribution to Recreation/CNS	(91)	-	(89)	-	-
Transfer to Economically Disadv Rsrv	-	-	-	(94)	(100)
Transfer from Economically Disadv Rsrv (1)	-	-	-	511	-
Closing balance	<u>4,605</u>	<u>4,595</u>	<u>4,502</u>	<u>4,492</u>	<u>3,971</u>

- (1) As per FCS2011-34, the Economically Disadvantaged reserve was closed and \$511 was transferred into the Children's Reserve Fund.

Source Contacts: Financial – J. Salazar, Finance Lead, CNS, Finance & Supply
Operational – K. Black, Manager, Partnerships and Policy, Community & Neighbourhood Services

Review Schedule: Last Review: 2012

Next Review: 2015

ENMAX Dividend Stabilization Reserve

Operating Reserve (\$000s)

\$ 16,450
(2014)

Authorization: NM2012-05

Purpose: To provide an operating reserve to stabilize the ENMAX dividend for any budget shortfall, as ENMAX dividend varies from year to year.

Conditions: Fund balance cannot exceed \$20,000 in total.

Restrictions: Reserve is a contingency to fund shortfalls in the ENMAX dividend compared to budget.

Funding Sources: 50% of the ENMAX dividend received in excess of the General Revenue Program 860, to be transferred to this reserve, to a maximum of \$20,000.

Investment income: x yes no

Related Budget Programs: Operating program: #860 and General Revenue program

Special Reporting Requirements: None

Current Activity (\$000s):

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Opening balance	10,100	-	-	-	-
Investment income	-	-	-	-	-
Contributions from operations	6,350	10,100	-	-	-
Contributions to operations	-	-	-	-	-
Closing balance	<u>16,450</u>	<u>10,100</u>	<u>-</u>	<u>-</u>	<u>-</u>

Source Contacts: Financial – C. Fung, Corporate Finance Leader, Corporate Budget Office, Finance & Supply
Operational – J. Kwong, Manager, Corporate Budget Office, Finance & Supply

Review Schedule: Last Review: N/A Next Review: 2015

Family & Community Support Service ("FCSS") Stabilization Fund

(formerly Innovative/Preventive & FCSS Fund)

Operating Reserve (\$000s)

\$ 3,710
(2014)

Authorization: CS95-21, CS008, CPS98-12, CPS2003-26; FCS2004-22, CPS2009-09 and CPS2011-19

Purpose: The reserve is used to:

- Cover any shortfalls in case the provincial Family and Community Support Services (FCSS) allocation of funds is less than expected at any given year;
- Respond to emerging social issues; and
- To support clearly defined capacity-building initiatives as per Council's Policy of FCSS.

~~To facilitate positive change to the social service delivery system and to ensure that the new infusion of funds was carefully and strategically assigned to priority areas and that the community agencies had time to develop programs to maximize planned growth.~~

Conditions: Agencies wishing to access funds, must meet the requirements stated above under Purpose. In addition, they are required to complete an application. Administration will review the application and consult with community partners to determine the project's impact and viability.

~~An annual review is required by Community & Neighbourhood Services in consultation with both recipient and non-recipient agencies to determine the appropriateness of funds taken out of the reserve and viability of the funded project.~~

~~Per FCS2004-22 Administration will track and monitor separately the two components of the reserve:~~

- ~~* The agency review commitments (formerly held within the Agency Review Reserve) 2014 \$0 (2013 \$0) (see next paragraph), and~~
- ~~* The FCSS stabilization fund portion of the reserve (formerly held within the Innovative/Preventive & FCSS Fund) 2014 \$3,710 (2013 \$3,688).~~

~~As per CPS2009-09, in 2009 all remaining funds from the Agency Review commitments are approved to be transferred for the implementation of the Social Sustainability Framework and FCSS Funding Priorities, and the closure of this portion of the reserve.~~

Restrictions: As per purpose.

Funding Sources: 1. Unexpended or surplus funds from previously allocated ongoing and one-time contributions.
2. Any increase to the provincial or municipal portion of the FCSS budget announced after Council's approval of allocation for the year.

~~Annual operating contribution — The initial 1995 contribution was from the Community & Social Development operating surplus.~~

Investment income: ~~x~~ yes ~~x~~ no

Family & Community Support Service (“FCSS”) Stabilization Fund continued

Related Budget Programs:

Operating Program: #421 Community & Neighbourhood Services

Special Reporting Requirements:

Annual review by Community & Neighbourhood Services, as described under conditions.

Current Activity (\$000s):

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Opening balance	3,688	3,348	3,343	4,778	3,855
Contributions from operations	1,474	1,894	1,439	272	2,182
Contributions to operations (1)	(1,452)	(1,554)	(1,434)	(1,707)	(1,259)
Closing balance	<u>3,710</u>	<u>3,688</u>	<u>3,348</u>	<u>3,343</u>	<u>4,778</u>

- (1) As per CPS2011-19, the transfer of \$1 million from the FCSS Stabilization Fund was approved by Council. Administration is to use the funds on a one-time basis to meet emerging community agency needs including alignment to the Social Sustainability Framework, organizational and physical infrastructure.

Source Contacts:

Financial –J. Salazar, Finance Lead, CNS, Finance & Supply
Operational – M. Hulsker, Manager, Strategy & Partnerships, Community & Neighbourhood Services

Review Schedule:

Last Review: 2012

Next Review: 2015

Fiscal Stability Reserve

Operating Reserve (\$000s)

\$ 443,371
(2014)

Authorization: Mill Rate bylaw 20M79, C2005-04, and FCS2007-45

Purpose: Prior to January 2005 the reserve was used to stabilize tax increases from year to year in order to balance operating budgets without large tax increases; planned contributions from the reserve are made as required and operating surpluses are returned to the reserve. After January 2005 the reserve has been mandated to serve the following purposes:

- A contingency fund for operational emergencies, urgent or contingency capital expenditures, and to compensate for unplanned revenue reductions with significant financial impacts;
- Investment income from the reserve would be used to fund one-time operating budget expenditures

Conditions: As per report FCS2007-45, the reserve must maintain a minimum balance of 5% of The City's tax-supported gross expenditures (net of recoveries) and the Fiscal Stability Reserve target balance is set at 15% of The City's tax-supported gross expenditures (net of recoveries).

Restrictions: As per purpose.

Funding Sources: Council approved annual tax supported operating surpluses transferred to the reserve, and investment income earned on reserve funds. As per report FCS2007-45, Council approved previously committed one-time contingent funds that are no longer required for their original purpose, such as recoveries from provisions for tax losses, legal claims or environmental provisions.

Investment income: ☒ yes ☐ no

**Related Budget
Programs:**

Operating Program: #856 Taxation
#860 General Revenues

**Special Reporting
Requirements:**

None

Fiscal Stability Reserve continued

Current Activity (\$000s):

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Opening Balance	365,460	294,985	240,932	224,916	195,738
Surplus (Previous year)	-	31,258	5,240	24,992	2,141
Surplus (Current year) (1)	27,490	8,159	-	-	-
Investment income	8,504	6,855	5,444	6,521	5,050
Net contribution to operations	(27,106)	(17,370)	(11,123)	(37,161)	(26,462)
Net contribution to capital (2)	(16,310)	-	-	-	-
Funding contribution from operations (3)	84,713	45,073	57,450	22,942	48,201
Transfers (to) from other reserves (4)	620	(3,500)	(2,958)	(1,278)	248
Closing balance (5)	443,371	365,460	294,985	240,932	224,916

- (1) Due to a change in policy commencing 2013, the 2013 surplus is shown in the 2013 column to more appropriately reflect the funds in the FSR. In prior years, the current year surplus used to be shown as a separate item called Unappropriated Surplus in the Reserves Report.
- (2) Net contribution to capital relate to expenditures for flood resiliency projects and other flood related projects incurred as a result of the 2013 flood.
- (3) Funding contribution from operations are generally from the transfer of various unspent contingency funds (Property and Business Tax Contingent Fund and Fuel contingency).
- (4) Transfer (to) from other reserves
 2014: As per C2014-0863, \$620 of unallocated funds to the Council Innovation Fund.
 2013: As per PFC2012-0045, transfer of funds from FSR to Roads Snow and Ice Control (SNIC) of \$3,500
 2012: Transfers from other reserves per PFC2012-0707, transfer of Office of Civic Partners – Economic Development and Policy Coordination (EDPC) year-end surplus of \$542. Per PFR2012-0045, transfer of funds to Roads Snow and Ice Control (SNIC) of (\$3,500).
 2011: Transfers from other reserves include a reallocation approved capital expenditure for downtown core fitness centre \$1,696, transfer from Office of Economic Development and Policy Coordination year end surplus \$366, 2010 Landfill Liability Closure Liability Report \$3,000. Transfers to other reserves include funding of Applewood Attenuation Fence Project (\$240) and transfer of Waste & Recycling sustainment Reserve (\$6,100).
 2010: Closure and transfer of remaining funds from: Human Resources Investment Reserve \$216 and Imagine Calgary Reserve \$32.
- (5) Committed amount in the closing balance total \$163,607 for Flood Resiliency projects, 2015-2018 Action Plan projects and Snow and Ice Control funding.

Source Contact: Financial – C. Jacyk, Acting Manager, Corporate Budget Office, Finance & Supply
Operational - B. Koay, City Treasurer, Finance & Supply

Review Schedule: Last Review: 2012 Next Review: 2015

Group Life Reserve

Externally Restricted Operating Reserve (\$000s)

\$ 1,494
(2014)

Authorization: FB95-92, Group Policy No. 127 and PFC2012-0606

Purpose: To satisfy contractual obligations under the Group Life benefit contract between The City and Great West Life (GWL).

Conditions: As per purpose.

Restrictions: Under the terms of the contract, The City must maintain a reserve balance comprised of two activities: 1) Incurred but Not Reported (IBNR) for claims incurred by employees in the current year but not reimbursed by the plan until the following year. The IBNR portion of the reserve is equal to 12% (2014) of the annualized Refund Billed Premium based on the last month of the policy year; and 2) a Claims Fluctuation (CFR) reserve balance equal to 25% (2014) of the Refund Billed Premium for the last complete policy year.

Funding Sources: Annual funding from Program #787 Employee Benefits.

Investment income: ☒ yes ☐ no

**Related Budget
Programs:**

Operating Program: #787 Employee Benefits

**Special Reporting
Requirements:**

Quarterly financial reports and annual financial statements for the MEBAC executive and City management. The financial statements are subject to an annual audit.

Current Activity (\$000s):

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Opening balance	1,338	1,253	1,189	1,249	1,084
Investment income	29	25	26	33	28
Contributions From/(to) Operations	127	60	38	(93)	137
Closing balance	<u>1,494</u>	<u>1,338</u>	<u>1,253</u>	<u>1,189</u>	<u>1,249</u>

Source Contact: Financial – D. Christensen, Finance Leader, Benefits Finance, Corporate Financial Reporting, Finance & Supply
Operational – C. An, Finance Manager, Corporate Financial Reporting, Finance & Supply

Review Schedule: Last Review: 2012 Next Review: 2015

Health, Safety and Wellness Reserve

Operating Reserve (\$000s)

\$ 10,975
(2014)

Authorization: FB94-126, FB98-64, FCS2006-32, and FCS2010-10

Purpose: To fund preventive and proactive health, safety and wellness programs as part of The City's ongoing commitment to the safety, health and wellness of employees.

Conditions: Environment & Safety to report annually to the S.P.C. on Utilities and Environment on safety compliance and performance. Human Resources provides an annual report to the Human Resources Client Council (HRCC) on health and wellness expenditures and outcomes.

Future Workers Compensation Board (WCB) rebates and dividends will be allocated 75% to the Health, Safety and Wellness (HSW) Reserve and 25% to general revenue. The Human Resources and Environment & Safety Management business units share responsibility for the HSW Reserve. Each business unit manages and report independently on its portion which is derived from half of the 2008 opening balances plus half of the annual contributions to the reserve.

Restrictions: As per purpose.

Funding Sources: Effective 1998, funding will be received (\$600 per year) through an increase to the employee benefit rate. A portion of WCB rebates to The City are also transferred to the reserve.

Investment income: ☐ yes ☒ no

Related Budget Programs:

Operating Program: #787 Employee Benefits

Special Reporting Requirements:

None

Current Activity (\$000s):

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Opening balance	7,566	7,166	7,350	5,417	6,393
Contributons from operations:					
Employee benefits rate	600	600	600	600	600
WCB	4,928	1,183	490	2,473	937
Contributions to operations	(2,119)	(1,383)	(1,274)	(1,140)	(2,513)
Closing balance	<u>10,975</u>	<u>7,566</u>	<u>7,166</u>	<u>7,350</u>	<u>5,417</u>

Source Contacts: Financial – T. Nguyen, Acting Finance Manager, Corporate Services, Finance & Supply
Operational – M. Lavallee, Director, Human Resources

Review Schedule: Last Review: 2012

Next Review: 2015

Heritage Incentive Reserve

Operating Reserve (\$000s)

\$ 1,369
(2014)

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

Purpose: To fund the implementation of the Heritage Incentive Program ~~beginning 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: ~~The Reserve will only be used for its stated purpose to "provide financial incentives for the restoration, preservation and rehabilitation of legally protected Municipal Historic Resources within the legal boundaries of The City".~~

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.

Funding Sources: To be funded annually from the operating budget of City Wide Planning & Integration, #610. Prior to 2014, it was funded by the operating budget of Land Use Planning & Policy, #616 (formerly Planning & Transportation Policy, #611).
Investment income: ___ yes X no

Related Budget Programs: Operating Program: #610 City Wide Policy & Integration, formerly #616 Land Use Planning & Policy

Special Reporting Requirements: None

Current Activity (\$000s):

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Opening balance	1,283	1,185	1,153	1,013	873
Contributions from operations	225	225	225	225	225
Contributions to operations	(139)	(127)	(193)	(85)	(85)
Closing balance	<u>1,369</u>	<u>1,283</u>	<u>1,185</u>	<u>1,153</u>	<u>1,013</u>

Source Contacts: Financial – L. Mandryk, Acting Finance Lead, PDA, Finance & Supply
Operational – M. Broadhurst, Manager, City Wide Strategy

Review Schedule: Last Review: 2012 Next Review: 2015

Mall Programming Fund

Operating Reserve (\$000s)

\$ 754
(2014)

Authorization: OE2001-03 and PFC2012-0606

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.

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.

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.

Investment income: x yes no

Related Budget Programs:

Operating Program: #612 Local Area Planning & Implementation (Previously #616 Land Use Planning & Policy)
Capital Program: #616 Centre City Initiatives

Special Reporting Requirements:

None

Current Activity (\$000s):

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Opening balance	744	1,017	1,002	987	980
Investment income	16	18	22	26	22
Contributions to operations	-	-	(7)	(11)	(15)
Contributions to capital financing (1)	(6)	(291)	-	-	-
Closing balance	<u>754</u>	<u>744</u>	<u>1,017</u>	<u>1,002</u>	<u>987</u>

(1) In December 2012, as per PFC2012-0606, Council approved use of up to \$300 of the principal to fund a lighting program for the block.

Source Contacts: Financial – L. Mandryk, Acting Finance Lead, PDA, Finance & Supply
Operational – B. Barrington, Program Manager, Centre-West, Local Area Planning & Implementation

Review Schedule: Last Review: 2012

Next Review: 2015

Self-Insurance Reserve

Operating Reserve (\$000s)

\$ 7,000
(2014)

Authorization: FB86-130, FB94-26, FCS2010-19 and PFC2012-0606

Purpose: All activities undertaken by The City are covered under the Civic Insurance Program using common insurance industry principles. This program is comprised of purchased insurance coverage as well as a self-funded component for any losses not covered by the purchased policy. This reserve is utilized to offset any large claim against The City either in excess of a purchased policy limit or a loss that is not covered by any insurance policy.

The City is self-insured pursuant to section 825 of the Insurance Act of Alberta for auto, as well as general liability and property insurance claims. Outside insurance coverage exists for claims exceeding established self-insurance retention levels for:

- a) Auto and general liabilities
- b) Property – insured on statement of value of approximately \$7.2 billion.

Conditions: In order to self-insure, The Alberta Insurance Act requires The City to maintain a separate fund.

Interest is only earned up to the amount required to maintain a reserve balance of \$7,000.

Restrictions: The reserve only funds losses in excess of \$500.

Funding Sources: Contributions from operations, subject to Council's budget approval.

Investment income: ☒ yes ☐ no

Related Budget

Programs: Operating Program: #858 Investment Income, #810 Law Program

Special Reporting

Requirements: None

Current Activity (\$000s):

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Opening balance	7,000	7,000	7,000	7,000	7,000
Contributions to operations	-	-	-	-	-
Investment income	-	-	-	-	-
Closing balance	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>

In addition to the closing balance above, a liability has been accrued to help cover the cost of various claims and lawsuits brought against The City in the ordinary course of business.

Administration provides an annual report to the Audit Committee on the Risk Management and Claims Division's information on the number of claims per year and claims paid per year. This confidential report is presented to the Audit Committee every year.

Source Contact: Financial Lead – L. Marsh, Acting Finance Lead, Corporate Administration, Finance & Supply
Operational Lead – D. Corbett, Manager, Risk Management and Claims

Review Schedule: Last Review: 2012
Snow and Ice Control ("SNIC") Reserve
Operating Reserve (\$000s)

Next Review: 2015

\$ -
(2014)

Authorization: PFC2012-0045

Purpose: Council directed Administration to establish a Snow and Ice Control ("SNIC") reserve during the 2012-2014 Business Plan and Budget debates. The reserve shall be used exclusively by the Roads Business Unit to supplement its annual SNIC budget 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).

Conditions: Maximum approved balance: \$10,500

Fund balance cannot exceed \$10,500 equivalent to three years of \$3,500 potential budget shortfalls for above average severity years and coinciding with a three year business plan and budget cycle. If the reserve fund is depleted to zero in a future year, Administration will advise Council.

Restrictions: As stated above.

Funding Sources: The SNIC reserve fund will receive initial funding from the Fiscal Stability Reserve (FSR) of \$7,000 (\$3,500 in 2012 and \$3,500 in 2013). The reserve will be replenished from any surplus in the Roads' SNIC budget in winters with below average severity.

Roads will work with Finance at the end of March 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.

Investment income: ☐ yes ☒ no

Related Budget Programs: Operating Program: #132 Roads

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>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Opening balance	4,141	3,220	-	-	-
Contributions to operations	(4,141)	(2,579)	(280)	-	-
Contribution from FSR	-	3,500	3,500	-	-
Closing balance	-	4,141	3,220	-	-

Source Contact: Financial Lead – L. Wong, Sr. Finance Lead, Roads, Finance & Supply
Operational Lead – B. Biensch, Maintenance Manager, Roads

Review Schedule: Last Review: N/A
**Asphalt and Crusher Plant Lifecycle Capital Reserve (formerly
Miscellaneous Capital Reserve – Roads - Plants)**
Capital Reserve (000's)

Next Review: 2015

\$ 5,363
(2014)

Authorization: FCS2010-10 and PFC2012-0606

Purpose: To finance future capital expenditures under Council's specific or blanket approvals.

Conditions: Funds must be used to finance capital expenditures relating to Roads – Plant Operations only.

As per report FCS2004-22, in 2004 this reserve will reflect only the funds available for capital improvement and not inventory.

Maximum balance: \$7,500

Once this maximum balance is reached or if the balance is deemed sufficient to fund upgrade work within the three year business cycle, a portion or all of the annual budget surplus plant generates could go to fund additional paving projects at the discretion of the Director of Roads.

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

Related Budget Programs: Operating Programs: #132 Roads
Capital Programs: #128-136, Plants Capital

Funding Sources: All or a portion of any Roads – plants and paving operating budget surplus, proceeds from sale of surplus assets, depreciation on plant assets and interest income.

Investment income: ☒ yes ☐ no

Special Reporting Requirements: None

Current Activity (\$000s):

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Opening balance	7,500	6,459	7,497	7,372	8,088
Investment Income	119	76	78	125	115
Contributions to capital financing	(2,256)	(2,272)	(1,116)	-	(831)
Contributions from operations	-	3,237	-	-	-
Closing balance	<u>5,363</u>	<u>7,500</u>	<u>6,459</u>	<u>7,497</u>	<u>7,372</u>

Source Contacts: Financial - L.Wong, Sr. Finance Lead, Roads, Finance & Supply
Operational - D. Schinnour, Sr. Plants Leader, Roads

Review Schedule: Last Review: 2012

Next Review: 2015

Corporate Housing Reserve

Capital Reserve (\$000s)

\$ 36,073
(2014)

- Authorization:** FB99-62, CPD2002-57, LAS2000-206, CPS2004-55, LPT2007-61, FCS2010-10, PFC2012-0606 and LAS2013-06.
- Purpose:** To support the development of affordable rental, social and special need housing infrastructure and operating costs associated with affordable housing initiatives.
- Conditions:** In accordance with the terms of reference established for this reserve, the reserve funds 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 a partnership p/joint venture.
- Restrictions:** External - \$18,340 Internal - \$6,623
- 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, funding cannot be used to support operating and social support services associated with affordable 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 LASC; 5% of gross industrial land sales proceeds.
 - 2) Lease revenues generated from 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; and
 - 5) As approved in LA2000-206, 20% of net eligible revenue generated from Corporate Properties Residential Portfolio be transferred annually to Corporate Housing Capital Reserve to fund municipally operated housing initiatives, and
 - 6) Investment income.

Related Budget Programs:

Operating Program: #488 Land Servicing & Housing
Capital Program: #489 Public Housing

Corporate Housing Reserve continued

Special Reporting Requirements: None

Current Activity (\$000s):

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Opening balance	34,105	46,749	45,153	65,589	42,935
Investment income	597	784	868	1,539	1,669
Contributions from operations (1)	3,016	3,496	13,208	5,443	41,133
Contributions to operations	(1,644)	(3,304)	(3,656)	(10,318)	(11,278)
Contributions to capital (2)	(1)	(13,620)	(8,824)	(17,100)	(8,870)
Closing balance	36,073	34,105	46,749	45,153	65,589

(1) Includes provincial block funding of \$4,162 for 2012, \$37,457 for 2010 & \$47,923 for 2009. The amount also includes sale proceeds from Manchester North for \$5,520 which was unbudgeted due to unknown timing and applied to the project in 2012. In addition, 5% of the Industrial Land sale revenue was contributed from operations which amount to \$2,040 in 2012, \$1,313 in 2013 and \$3,215 in 2014.

(2) Contributions to capital:

2014: Contributions to Capital: Completion of North Manchester (\$1)

2013: Contributions to Capital: Construction of North Manchester (\$1,834), purchase of Bridges Site 155 units (\$11,558) and two housing projects (\$228)

2012: Construction of North Manchester (\$6,180) and Vida affordable housing projects (\$2,485) and (\$159) for two other affordable housing projects

2011: Contributions to Capital: construction of North Manchester (\$11,418), Lomond (\$1,740) & Vida (\$3,824) and (\$118) for four other affordable housing projects.

2010: Major Projects: Louise Station (\$2,583), Manchester North (\$4,318), Lomond (\$1,242), Vida (\$1,941), Parkhill (\$1,692), Vista Grande (\$34) and recovery of land transfer \$2,940

Source Contact: Financial – J. Tchinkova, Finance Lead, Land Servicing & Housing, Finance & Supply
Operational – G. Sokolan, Coordinator Affordable Housing, Land Servicing & Housing

Review Schedule: Last Review: 2012

Next Review: 2015

Downtown Improvement Fund
Excluding Stephen Avenue Heritage Area Society Fund
Capital Reserve (\$000s)

\$ 3,372
(2014)

- Authorization:** OD85-120, OD87-113, FB94-93, M2007-009, LPT2008-74, PUD2012-03, and PFC2012-0606
- Purpose:** The downtown Improvement Fund ~~was created in 1986 to~~ assists in the implementation of public improvement projects in the Centre City Downtown. ~~FB94-93 amended the Reserve to use \$60 annually for smaller capital projects downtown. Reserve funds may also be used to help fund operating maintenance costs of specialty assets in the Centre City.~~
- Conditions:** Funds are to be used for high priority downtown improvement projects through the capital budget process. ~~As per LPT2008-74, an ongoing annual expenditure up to a maximum of \$300 can be spent on small scale improvements in the downtown area. This condition was amended as part of the Triennial Reserve Review (PFC2012-0606) as follows:~~ "The annual maximum the reserve may fund is \$300 plus any accrued carry-forward capital spending from previous years." ~~As well, as per PUD2012-03, Council authorized exceeding the annual \$300 funding limit by \$250 for 2012.~~
- Restrictions:** ~~Funds are to be used as per purpose outlined above.~~
Centre City is defined in the May 2007 Centre City Plan (pg 33) and includes the Beltline.
- Funding Sources:** License fees charged to commercial users of public rights-of-way (OD84-45).
~~In December 1985, Council adopted Commissioners' Report OD85-120 to retain license fees revenues obtained from commercial users of public areas to be used by the city for the purpose of tree planting, parks, landscaping and minor improvements.~~
~~In 1989, the Fund was allocated \$1,400 from the lease of setbacks and air rights from the Eaton's Centre project.~~
Funds included in approved capital projects set aside for extra-ordinary maintenance of specialty assets.
- Investment income: ☒ yes ☐ no
- Related Budget Programs:**
- | | |
|--------------------|--|
| Operating Program: | #612 Local Area Planning & Implementation (Previously #616 Land Use Planning & Policy) |
| Capital Program: | #152 Downtown Improvement |
| Capital Program: | #126-176 Industrial Sidewalk Retrofit |

Downtown Improvement Fund continued

**Special Reporting
Requirements:** None

Current Activity (\$000s):

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Opening balance	3,207	3,033	3,435	3,462	3,629
Investment income	73	65	73	90	82
Contribution from operations	142	211	270	14	14
Transfer to Public Art Reserve (1)	-	-	(2)	-	-
Contribution to capital	(50)	(102)	(743)	(131)	(263)
Closing balance	<u>3,372</u>	<u>3,207</u>	<u>3,033</u>	<u>3,435</u>	<u>3,462</u>

(1) Transfer to Public Art Reserve as approved by ALT to meet requirements of Public Art Policy

Source Contacts: Financial – L. Mandryk, Acting Finance Lead, PDA, Finance & Supply
Operational – B. Barrington, Program Manager, Centre City Implementation

Review Schedule: Last Review: 2012 Next Review: 2015

**LED Street Light ~~Traffic Signal Display~~ Re-Lamping Reserve
(formerly LED Traffic Signal Display)**

Capital Reserve (\$000s)

\$ 5,816
(2014)

Authorization: TTP2002-44 and PFC2012-0606

Purpose: To help finance initial capital expenditures for streetlight Light Emitting Diode ("LED") units and future lifecycle replacement of streetlights.

Conditions: ~~Energy savings as a result of the LED replacement program will be set aside in the reserve.~~ (note: the sentence above is not a condition but a funding source)
Funds are to be used as per the purpose outlined above.

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

Related Budget Programs:

Operating Program: #132 Roads
Capital Program: #128-131 Traffic Signals-LED Relamp
#128-100 LED Streetlights

Funding Source: Annual operating contribution based on energy savings as a result of the streetlight LED replacement program.

Investment income: ___ yes x no

Special Reporting Requirements: None

Current Activity (\$000s):

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Opening balance	5,622	5,666	4,963	4,260	3,557
Contribution from operations	697	703	703	703	703
Contribution from (to) capital	(503)	(747)	-	-	-
Closing balance	<u>5,816</u>	<u>5,622</u>	<u>5,666</u>	<u>4,963</u>	<u>4,260</u>

Source Contact: Financial – L. Wong, Sr. Finance Lead, Roads, Finance & Supply
Operational – R. Seera, Traffic Operations Manager, Roads

Review Schedule: Last Review: 2012 Next Review: 2015

Parking Land Acquisition Reserve

Capital Reserve (\$000s)

\$ 32,657
(2014)

Authorization: LPT2006-13, C2008-61, LAS2009-45, FCS2007-26, PFC2012-0606, C2013-0509 and TT2013-0124

Purpose: To fund land purchases to be used for parking facilities in suitable locations in Downtown. Council approved the following special purposes:

1. Allocate \$500 in 2013 and \$4,000 in 2014 from this reserve to Roads Program #127 to be used for Hillhurst/Sunnyside Transit Oriented Development project in Investing in Mobility.
2. Allocate \$100 in 2013 from this reserve to Roads Program #127 to be used as seed money for the Catherine Avenue Woonerf project to facilitate further design and cost estimates, conduct engagement and address land issues.

Conditions: As per purpose.

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

Funding Sources: An annual allocation from monies received by The City from the Calgary Parking Authority to a cash-in-lieu of parking land acquisition fund. This allocation will be \$500 per annum commencing in 2007 as well as any Calgary Parking Authority revenues received by the City in excess of budgeted levels plus any associated investment income earned on fund balances.

Investment income: ☒ yes ☐ no

Related Budget Programs:

Capital Program: #851 Future Downtown Infrastructure Land and #127-140 Various Street Improvements

Special Reporting Requirements:

None

Current Activity (\$000s):

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Opening balance	24,688	19,991	12,801	18,578	14,129
Contributions from Calgary Parking Authority	7,639	4,276	6,907	3,300	3,975
Contributions to Capital Financing (1)	-	-	-	(2,442)	-
Contributions to Capital Financing (3)	(248)	-	-	-	-
Transfer to Other Reserves (2)	-	-	-	(7,000)	-
Investment Income Allocation	578	421	283	365	474
Closing balance	<u>32,657</u>	<u>24,688</u>	<u>19,991</u>	<u>12,801</u>	<u>18,578</u>

- (1) Per C2008-61, this transfer was to purchase the portion of land not utilized by the District Energy Plant.
- (2) Per LAS2009-45, this transfer is to the Calgary Police services for acquisition of a police parkade through the Calgary Police Services Capital Financing Reserve.
- (3) Per C2013-509, this transfer was for the Hillhurst/Sunnyside Transit Oriented Development \$221 and Catherine Avenue Woonerf \$27.

Source Contacts: Financial – T. Johnson, Sr. Finance Lead, Calgary Transit and Transportation Infrastructure, Finance & Supply
Operational – C. Blaschuk, Manager, Transportation Strategy, Transportation Planning

Review Schedule: Last Review: 2012

Next Review: 2015

Millican-Ogden Community Enhancement

Combined Operating & Capital Reserve (\$000s)

\$ 171
(2014)

Authorization: C2005-80, E2010-20

Purpose: The reserve will be used to fund local improvements to enhance the Millican-Ogden community as identified in the Millican-Ogden Area Redevelopment Implementation Plan. The identified local improvements including community entrance signs, park amenities, pedestrian crossing enhancements; parks revitalization, Community Read-a-Board and other community improvement projects will allow for the implementation of the social development policies and improvement plans set forth in the Community Plan to address existing issues and needs in Millican-Ogden.

Conditions: As per purpose

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

Funding Sources: One time funding from the Fiscal Stability Reserve

Investment income: ____ yes x no

Related Budget Programs: Operating Program: #616, Land Use Planning & Policy

Special Reporting Requirements: None

Current Activity (\$000s):

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Opening balance	171	171	271	285	285
Transfers to operations	-	-	(100)	(14)	-
Closing balance	<u>171</u>	<u>171</u>	<u>171</u>	<u>271</u>	<u>285</u>

Source Contacts: Financial – L. Mandryk, Acting Finance Lead, PDA, Finance & Supply
Operational – T. Mahler, Manager, Local Area Planning & Implementation

Review Schedule: Last Review: 2012 Next Review: 2015

Real Estate Services

Combined Operating & Capital Reserve (\$000s)

\$ 97,664
(2014)

Authorization: FCS2010-10, PFC2012-0606, PFC 2013-0745 and PFC2014-0847

Purpose: To finance land acquisitions and development of land holdings to advance economic development and diversification objectives by ensuring an available supply of “shovel ready” industrial land through the development of industrial/business parks; and to advance achievement of other municipal objectives through land improvement of City owned of Transit Oriented Development areas and other Council directed special projects.

Conditions: As per purpose

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

Funding Sources: Net proceeds of serviced land sales (Industrial, Business & Special projects), proceeds of intra-city debt (principle and interest) and proceeds from excess commissions. In 1994 (and all subsequent years) the portion reinvested in land inventory is reclassified to Equity in Land Inventory.

Investment income: ___ yes x no

Related Budget Programs:

Operating Program: #488 Land Servicing & Housing
Capital Programs: #696 Commercial Land Developments;
#697 Land Developments;
#699 Land For Future Developments;
#703 Transit Oriented Development;
#704 School Sites;
#705 Mixed Use Redevelopment

Real Estate Services continued

Special Reporting

Requirements: None

Current Activity (\$000s):

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Opening balance	80,552	76,122	78,809	35,851	11,561
Contributions (to)/from operations for land sales	43,139	6,213	4,479	28,185	21,053
Contributions (to)/from operations	-	(902)	(883)	(864)	(740)
Transfer (to)/From Other Reserves (1)	2,233	3,714	5,267	(5,612)	14,958
Investment income	96	92	114	171	129
Contributions to capital financing (2)	(28,356)	(4,687)	(11,664)	21,078	(12,302)
Transfer (to)/from reserve from Equity in Land inventory	-	-	-	-	1,192
Closing balance (2)	<u>97,664</u>	<u>80,552</u>	<u>76,122</u>	<u>78,809</u>	<u>35,851</u>

(1) Transfer (to)/from other reserves:

2014: Received \$2,068 from Finance and \$103 from CPB for General Land servicing. The balance also includes \$62 from Civic Partners for the redevelopment of Block 40.

2013: Received \$2,527 from Finance and \$992 from CPB for Midfield interest and General Land servicing. The balance also includes \$195 from Civic Partners for the redevelopment of Block 40.

2012: Received \$669 from CPB for Midfield interest and General Land servicing. Received \$2,274 from Finance and \$2,269 from Water Services. The balance also includes \$4,091 from Civic Partnership (relating to the sale of library) for the redevelopment of Block 40 and (\$4,036) for land exchange in between OLSH & CPB.

2011: Transfer \$10,200 to CPB repayment of New Mobile Home Park Lands and received \$674 for interest and General Land servicing. Received \$2,046 from Finance and \$1,868 from Water Services.

2010: Transfer from Water Services \$2,048 for repayment of Shepard Wetland Projects, \$1,842 from Finance and \$11,068 from CPB for Midfield TP Projects LAS2009-126 including interest and development.

(2) The positive contribution to capital financing resulted from cost of sales being significantly higher as a result of a larger amount of land sales occurring in 2011. Transfers required for capital financing in 2011 were lower than cost of sales. Cost of sales balances are transferred back into the reserve as the reserve was used to originally fund those purchases.

Source Contact

Financial – J. Tchinkova, Finance Lead, Office of Land Servicing & Housing, Finance & Supply

Operational – J. Potts, Land Servicing Manager, Office of Land Servicing & Housing

Review Schedule:

Last Review: 2012

Next Review: 2015