

## 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 Health, Safety and Wellness Reserve, special reporting requirements were not completed in 2023 due to the realignment and the terms of reference for the Human Resources Client Council are being reviewed for 2024 and beyond. It is recommended that the Reserve owner create a plan outlining when the special reporting requirements for the Human Resources Client Council will be re-established.

For the Tax Loss Provision Reserve, \$18,720 was transferred to the Fiscal Stability Reserve in 2023, instead of to this reserve. This reserve is recommended for closure, refer to iv. below.

For the TELUS Convention Centre Reserve, no annual reserve funding was made in 2023; instead, funding was provided from the Council-approved capital budget. In addition, the funding source was revised without proper authorization. This reserve is recommended for closure, refer to iv. below.

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 process improvements be made for the following reserves:

- Established Area Investment Fund
- Reserve for Future Capital and Lifecycle Maintenance and Upgrade Merged

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 Green Line Fund Reserve due to ongoing discussions with the province and given the Green Line wind down. In addition, it is recommended that revisions are made to the reserve to bridge timing differences between when expenditures are incurred and when funding from senior government funding partners is subsequently received. By funding the expenditures for Green Line from the reserve, to be replenished upon receipt of funding from the funding partners, this reduces the burden on the City's working capital and thus reduces borrowing requirements and associated interest costs to The City.

It is recommended that revisions be made to the Corporate Housing Reserve to incorporate land purchases for affordable housing initiatives. Council approved a \$20M recurring budget for a Housing Land Fund commencing in 2024 for the 2023-2026 budget cycle.

It is recommended that revisions be made to the Public Art Reserve to remove the funding source calculation that is no longer relevant and to include the additional funding source, and related budget information, for unexpended capital allocated to the Public Art program for future usage.

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.

For the Tax Loss Provision Reserve, it is no longer required in its current form. As The City has been proactive with tax assessment dispute resolution, there is a sufficient tax loss contingency balance to cover any tax losses. It is recommended to close this reserve and transfer the remaining balance to the Fiscal Stability Reserve. The Fiscal Stability Reserve can be used to address any losses above the Tax Loss Provision Liability.

For the TELUS Convention Centre Reserve, it is no longer required in its current form. It is recommended to close this reserve with the timing aligned to the next budget cycle to allow for agreements with the Telus Convention Centre to be revised to remove mentions of this reserve and to revise the reserve template to remove the unauthorized change to the funding source.

For the Community Sustainability Reserve, there is no ongoing funding source for this reserve and the purpose of the reserve can be managed by the Fiscal Stability Reserve. It is recommended to close the Community Sustainability Reserve and transfer the reserve balance to the Fiscal Stability Reserve (FSR) and manage any future risks in this reserve. Operational business unit to request funding to withdraw from FSR when required.

For the Debt Servicing Reserve, the reserve balance is no longer required and it is recommended to be transferred to the Fiscal Stability Reserve. In addition, follow-up recommendations are included below for this reserve.

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
Health, Safety and Wellness Reserve	Reserve owner to create a plan outlining when the special reporting requirements for the Human Resources Client Council will be re-established.  Reserve owner to create a spending plan to determine future usage of the reserve beyond this current budget cycle and review alongside with operating budgets to determine if any funds can be relinquished from this reserve.	2025
Community Investment Reserve	Reserve Finance Lead to work with the Financial Reporting team to improve the presentation and disclosure of the commitments.	2025
Debt Servicing Reserve	Reserve owner to review whether this reserve is still required and bring back the information to the 2025 Triennial Reserve Review for the Administrative Review Committee's review.	2025
Utility Sustainment Reserve	Reserve Finance Lead to work with the Financial Reporting team to improve the 2024 presentation and disclosure of the budgeted outflows in the future commitments.	2025
Mall Programming Fund	Reserve owner to create a plan for the use of this reserve to be developed by Q1 2025.	2025

<b>Reserve</b>	<b>Follow-Up Summary</b>	<b>Year of Follow-Up</b>
911 Communications Centre Capital Finance Reserve	By Q2 2025, the Reserve Financial Lead to discuss with operations the minimum balance requirement for the reserve as per corporate reserves analysis.	2025
Winter Maintenance Reserve (previously Snow and Ice Control (SNIC) Reserve)	Parks to review their SNIC operating budget and historical spend and adjust accordingly during mid-cycle adjustment rather than relying heavily on the reserve funding, as the reserve is only intended to supplement SNIC budgets.	2026
Information Technology Reserve	By Q2 2025, the Reserve Financial Lead to discuss with operations the minimum and maximum balance requirement for the reserve as per corporate reserves analysis.	2026
Public Art Reserve	Reserve owner to review commitments and adequacy of the reserve balance by Q4 2025.	2026

Refer to Attachment 3 for further information.

### General Reserve Review Comments and Recommendation Follow-Up

<b>General Review</b>	<b>Follow-Up Summary</b>	<b>Year of Follow-Up</b>
Sustainment Reserves – Investment Income	The 2024 Triennial Reserve Review included a formal review of investment income allocation for sustainment reserves. Further follow-up is required for recommended revisions to the reserve procedures for criteria used to allocate investment income. In addition, the Land Servicing Reserve owner is to prepare an analysis on inflationary impacts on the purchase and sale of land for the Land Servicing Reserve to determine the eligibility for investment income under the new criteria.	2025

Refer to Attachment 3 for further information.

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

<b>Reserve</b>	<b>Follow-Up Summary</b>
TELUS Convention Centre Reserve	Finance Manager supporting the business unit to assess whether the annual contribution to the Telus Convention Centre should be combined with the annual operating grant to streamline the process.
General Hospital Legacy Reserve	The Reserve Finance Lead to maintain an electronic binder that includes all the required documentation as outlined in the Financial Reserves Procedures.  The reserve ownership should be reviewed by the Finance Manager Operational Services and Finance Manager Infrastructure Services and their respective Operational Directors.

Refer to Attachment 3 for further information.