

Reserve Comments and Recommendations

Reserve Name	Attachment 2 Page Number	Reserve Type	Balance 2016 (in thousands)	General Comments	Recommendation(s)
Calgary Police Service Court Fine Operating Reserve	1	Operating	\$4,000	The reserve is used to mitigate potential future revenue shortfalls in the Court Fine budgeted revenue portion of the Calgary Police Service (CPS) operating budget. The reserve is funded with a one-time contribution from Calgary Police Service operating budget in 2012.	There are no recommendations at this time.
Calgary Police Service Helicopter Maintenance Reserve	2	Operating	\$2,390	The reserve is used to finance maintenance of the Calgary Police Service helicopters (HAWCS); minimizing major fluctuations in the Calgary Police Service operating budget, as costs vary dramatically from year to year depending on the life cycle of the various maintenance components.	There are no recommendations at this time.
911 Communications Centre Capital Financing Reserve	3	Capital	\$24,141	<p>The reserve is used to fund future capital improvements and upgrades to the Calgary 911 Communications Centre.</p> <p>Council approved a portion of the monthly fee on wireless phones as a funding source for the reserve in report CPS2014-0255. The reserve template is to be updated for this funding source and a recommendation is being made in this report.</p> <p>The budget for the transfer of a portion of the these revenues to the reserve is at historical levels and needs to be updated to reflect the actual amounts. A recommendation to update the business unit budgeting practice for this is being made in this report.</p>	<p>Recommend changes to the reserve's purpose and funding sources. The changes are outlined in Attachment 2.</p> <p>Recommend that the business unit update its budgeting practice for the transfer of funds to this reserve in the next budget cycle.</p>
Calgary Police Service Capital Reserve	4	Capital	\$40,254	<p>The reserve is used to fund police vehicle purchases, automated fingerprint identification system (AFIS) upgrades, Pay-As-You-Go capital assets, red light camera program and other infrastructure requirements. The reserve is used in accordance with the reserve purpose.</p> <p>Council directed Administration in report C2016-0632 dated 2016 July 25 to work with the Calgary Police Service to review the maximum annual contribution to, and maximum year end balance of, the Pay-As-You-Go fund as part of the Triennial Reserve Review in 2017. The review was conducted by the Calgary Police Service and recommendations were approved by the Calgary Police Commission. These recommendations are included in this report for Council approval.</p>	<p>Recommend change to the financial activity table for the addition of a disclosure note to the Pay-As-You-Go fund to explain the closing balance for 2016. This change is outlined in Attachment 2.</p> <p>Recommend that the existing restrictions to the maximum annual contribution of \$2,500 and the maximum year end balance of \$2,500 be maintained.</p>

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Fleet Services Capital Reserve	6	Capital	\$14,326	<p>The reserve is used to fund Fleet Services capital expenditures and is funded from business unit operating budget surplus and proceeds from disposal of assets. The reserve has not been used in the past three years.</p> <p>There is a proposal by the business unit for a one-time transfer in 2017 of \$4,900 to the capital portion of the Budget Savings Account for Infrastructure Calgary. A recommendation for this is being made in this report.</p> <p>The business unit is in the process of developing expenditure plans to demonstrate that the remainder of the reserve is still relevant for the business unit needs. A recommendation is being proposed for the review of the reserve for relevance in the 2018 Triennial Reserve Review cycle to allow the business unit to develop a capital plan inclusive of maintenance facilities.</p>	<p>Recommend changes to the reserve purpose and financial activity table. These changes are outlined in Attachment 2.</p> <p>Recommend a one-time transfer in 2017 of \$4,900 from the reserve to the capital portion of the Budget Savings Account for Infrastructure Calgary.</p> <p>Recommend that a limited scope review of the future of the reserve be undertaken in the 2018 Triennial Reserve Review based on the capital expenditure plan to be developed by the business unit.</p>
Information Technology Reserve	7	Capital	\$20,746	<p>The reserve is used to fund information technology projects and infrastructure, fibre optics projects, lifecycle replacement of City hardware and software.</p> <p>There is a condition around the target balance for the hardware lifecycle portion of the reserve. This condition is to be updated to align with business needs and for clarity purposes. A recommendation for this is being made in this report.</p> <p>The funding sources for this reserve as reported on the reserve template are to be clearly stated. A recommendation for this is being made in this report.</p> <p>The proceeds from disposal of replaced computer equipment is a funding source for the Information Technology Initiatives component of the reserve. These funds are being proposed to be redirected to the Hardware Replacement component within the same reserve. A recommendation for this is being made in this report.</p> <p>The various components within this reserve earn investment income on their respective balances. It is being proposed that only the Fibre Optics component receive an interest income allocation on the balances within this component. A recommendation for this is being made in this report.</p> <p>The financial activity within the different components in this reserve are reported in a combined table. It is being proposed that the presentation of the financial activity be broken-out by the various components based on the purposes. A recommendation for this is being made in this report.</p>	<p>Recommend changes to the reserve purpose, funding sources and source contacts. These changes are outlined in Attachment 2.</p> <p>Recommend changes to the reserve condition for the target balance for the Hardware Replacement component of the reserve. The target balance for the lifecycle portion of the reserve is to be updated to be between two times and two and a half times the three year average forecast of capital spending for hardware lifecycle replacement. This change is outlined in Attachment 2.</p> <p>Recommend changes to the allocation of the proceeds from disposal of replaced computer equipment from the Information Technology Initiatives component to the Hardware Replacement component within this reserve. This change is effective 2017.</p> <p>Recommend changes to the allocation of interest income to the various components within this reserve. Only the Fibre Optic component within the reserve is to earn investment income on its balances. This change is effective 2018.</p> <p>Recommend that breakout of the presentation of the financial activity for this reserve by the various reserve components that are based on the reserve purposes. This change is outlined in Attachment 2.</p>

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Life Cycle Maintenance and Upgrade Reserve	9	Capital	\$116,122	<p>The reserve is used to fund the maintenance and upgrade of capital assets.</p> <p>The property tax room allocated to the Green Line is also administered through this reserve.</p>	Recommend changes to the reserve to include missing authorization documents, to break-out the financial activity table to separate out the funds related to the Green Line and to update the source contacts. The changes are outlined in Attachment 2.
Reserve for Future Capital (RFC)	11	Capital	\$327,014	<p>The reserve collects funds for three major purposes: Pay-As-You-Go (PAYG) funding of certain capital assets, capital contingencies, and miscellaneous flow-through reserves allocated to particular business units. While all of these components are included in the RFC, they generally have distinct funding sources, balances and purposes.</p> <p>The City's PAYG fund was initially established in 1986. It is funded primarily by a contribution from The City's operating budget and from accumulated debt savings. Administration uses PAYG funding as an alternative to debt in order to pay for lifecycle maintenance and upgrade projects, short-term capital projects producing assets with a life of under five years, and certain grant-ineligible costs on grant-funded projects. While this last use has been common practice for years, meets the original intent of PAYG funding, and has been clearly disclosed to City Council on multiple occasions (e.g. FCS2006-42, FCS2008-28), it is not reflected in the reserve's authorizing documents; a recommendation that use be authorized is included in this report.</p> <p>Over the course of the review, opportunities to streamline the administration of the reserve and its components were identified. Once they have been implemented, the reserve template can be revised to show a more detailed breakdown of the uses and commitments of funds between its three major components.</p>	<p>Recommend changes to the reserve authorizing documents and purpose. These changes are outlined in Attachment 2.</p> <p>Recommend that following completion of Administration's efforts to streamline the internal management of this reserve, the presentation of the RFC be revised to show a breakdown of the reserve's balance and activities between its three major components. The revised presentation of the financial activity to be implemented in the 2019-22 budget cycle.</p>

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Golf Course Levy Reserve	13	Sustainment	\$1,712	<p>The reserve is used to fund Golf Course capital projects and any Golf Course operating budget deficit.</p> <p>The funding sources for the reserve includes a surcharge on all golf passes and green fees and surplus transferred from operations. A recommendation is being made in this report to clarify the funding sources and for a change in the reserve title to remove the term 'levy' since the funding sources have expanded from the initial years.</p> <p>The Recreation business unit has received a gift of \$1,000 in 2017 from the estate of a private citizen to be used for the Shaganappi Golf Course. The business units is proposing that the funds be held in this reserve with restrictions around its use. This is a one-time contribution to the reserve and, in accordance with policy, Council approval is required. A recommendation is being made in this report for this.</p> <p>Council, through a motion arising as a result of report CPS2017-0539, directed Administration to consider the contents of the motion arising and return to Council at the 2018 budget adjustment process with options on how to move forward with City-owned golf course operations. The outcome of this analysis may have implications for this reserve. There is a recommendation being made in this report to review these implications, if any, in the 2018 Triennial Reserve Review cycle, if there is a significant change to the golf courses' operating model.</p>	<p>Recommend changes to the reserve name, authorizing documents, purpose and funding sources. These changes are outlined in Attachment 2.</p> <p>Recommend that the gift of \$1,000 from the estate of a private citizen be transferred to the reserve as a one-time contribution. These funds are to be tracked separately and in accordance with directions from the estate, the funds are restricted for use for upgrades and maintenance projects at the Shaganappi Golf Course.</p> <p>Recommend that the reserve leads advise the Administrative Review Committee of any implications to the reserve should a significant change in the golf courses' operating model result from the motion arising project. This information is to be provided during the 2018 cycle of the Triennial Reserve Review.</p>