



CORPORATION OF THE TOWNSHIP OF ESQUIMALT
COUNCIL POLICY

TITLE:	Reserve Funds	NO.	FIN-22
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Effective Date:	June 24, 2024
Approved by:	Council
Reference:	FIN-24-014
Amends:	New

POLICY:

The purpose of the Reserve Fund Policy is to provide guidance with respect to the development, creation, and utilization of the Township's Reserve Funds and Accounts.

PROCEDURE:

RESERVE FUNDS AND ACCOUNTS

The Township has various reserve funds which have been established for specific purposes as mandated by this policy, statute, or Township bylaw. These funds are developed and maintained to meet future financial obligations with respect to infrastructure, equipment and fiscal requirements. An adopted Financial Plan Bylaw is required for all appropriations from these reserve funds.

Reserve accounts contain funds which are set for specified purposes. These accounts are not statutorily required, and minimum balances can be established by Council to help ensure funds are available in future years. Funds in these accounts are used primarily to finance one-time operating costs or specific projects for which the funds were advanced. Internally restricted funds may also be used from time to time to strategically offset specific operating costs.

Objectives

- 1.1 Establish and maintain reserves to provide stability to municipal operations and ensure the Township can meet both current fiscal requirements and future obligations.
- 1.2 Maintain a certain level of financial resources sufficient to protect against the need for service level reductions or taxation increases resulting from temporary revenue shortfalls or unpredicted one-time expenditures.
- 1.3 Follow well-defined lifecycle replacement standards to maximize the Township's inventory of specialized equipment, machinery and technology systems which are necessary for the efficient delivery of services.
- 1.4 The budget process and ongoing operations must strive to establish and maintain sufficient reserve funds balances as set out in this document.

Policies

- 1.5 The Director of Financial Services should be responsible for ensuring the reserves are established and maintained in compliance with this Policy and providing an annual update to Council.
- 1.6 Reserves must have a unique and specific corporate purpose and efforts will be made to reduce complexity where possible and eliminate those with outdated purposes.
- 1.7 Reserves will earn interest annually and will be calculated on the fund balances held in the investment accounts.
- 1.8 Minimum balances are established for some reserves to ensure they are not depleted to a level that no longer serves their intended purpose. Fund balances may temporarily drop below the minimum balances, provided a plan is in place to replenish the fund to a balance above the minimum.

Equipment and Infrastructure Reserve Funds

Capital Projects

Description

This reserve was established to fund projects, acquisitions and other assets considered capital in nature. Deposits are made annually into this reserve for amounts equivalent to the value of the Township's matured debt payments. Proceeds from the sale of Township land and improvements, other than park land and tax sale land, are also credited to the reserve. Donations made to the Township for capital purposes would be deposited in this reserve unless the donor specifies otherwise.

Utilization

Funds are to be used for the acquisition of land, improvements and other capital assets. The minimum balance to be maintained in this reserve is \$1,000,000.

Infrastructure and Revitalization

Description

The reserve was established to address the replacement of existing capital asset infrastructure. Deposits to this reserve represent an amount equivalent to a one percent (1%) tax revenue increase based on the previous year. These calculated contributions are made cumulatively and included in the annual Financial Plan.

Utilization

Funds are to be used for revitalization initiatives or replacement of existing long term capital infrastructure. The minimum balance to be maintained in this reserve is \$250,000.

Machinery and Equipment

Description

Amounts are included in the Financial Plan each year and are intended to fund the future upgrade and replacement of machinery and equipment.

Utilization

Money in this fund, and interest earned, shall only be used to upgrade and replace existing machinery and equipment. The minimum balance to be maintained in this reserve is \$500,000.

Other Reserve Funds

Eva Chafe

Description

Any capital and interest earned from the shares held in trust for the Estate of Walter Chafe. The land and improvements, located at 398 Fraser Street, were bequeathed to the Township in 2011.

Utilization

Funds are available for the upkeep and maintenance of the land and improvements located at 398 Fraser Street.

Growing Communities

Description

One time grant funding to address unique infrastructure and amenities demands as the Township prepares for future growth and building the amenities needed to support new home construction.

Utilization

Funds are available for one-time costs needed to build required infrastructure and amenities rather than the funding of ongoing or operational activities. These funds are intended to be incremental to planned investments and should be used to accelerate capital projects. A list of eligible expenditures is attached as a schedule to the bylaw.

Local Improvements

Description

All amounts levied on properties within the Township for local area service parcel or frontage taxes shall be deposited to this reserve.

Utilization

Funds in this reserve shall only be used to finance the property owners' share of the construction of local area improvements under Division 5 of Part 7 of the Community Charter

Municipal Archives

Description

All monetary donations made to the Township's Municipal Archives shall be deposited to this account. Money is to be held in a separate account where interest will be earned and added to the fund.

Utilization

Disbursements shall be approved by Council resolution provided, however, that the Township's Chief Administrative Officer may approve expenditures not exceeding \$500 per disbursement. Funds should be used solely for acquisitions, restorations, reproductions and equipment unless a donor specifies otherwise.

Parkland Acquisition

Description

All proceeds received from the sale of Township park land, the disposal of park land under the Community Charter, and from the provision of money in lieu on subdivision under the Local Government Act shall be deposited to this fund.

Utilization

Funds are to be used for the acquisition of park land within the Township.

Public Art

Description

This reserve has been established to provide funds for art in public spaces within the Township. The Public Art Policy provides guidance around the Township's process.

Utilization

Funds in this reserve are to be used for the acquisition and maintenance of public art on public land within the municipality, subject to the Public Art Policy requirements.

Sustainability

Description

Funds deposited to this account from the provincial government carbon tax programs. Council may, at its discretion, transfer additional funds and any interest earned on deposited will be added to the account.

Utilization

Use of these funds is restricted to the funding of sustainability initiatives.

Tax Sale Lands

Description

All money received from the sale of properties through the tax sale process are deposited to the fund.

Utilization

Funds shall be used to for acquiring land and improvements within the Township.

Reserve Accounts

Canada Community Building Fund

The tripartite agreement in place between Canada, British Columbia and UBCM provides a framework for the delivery of the Canada Community Building Fund (formerly the federal Gas Tax fund) to local governments in British Columbia. Annual contributions are made to the account based on the Agreement with expenditures to be focused on achieving stronger cities and communities, productivity, economic growth and a cleaner environment.

Casino Revenue Sharing

Based on a Casino Revenue Sharing Agreement dated 2002, the Township receives a percentage of the net gaming income from the casino located in View Royal. Annual reporting is required but there are no restrictions on how the funds can be expended. The Township typically utilizes these funds for debt repayments and specific one-time operating expenditures.

Climate Action Program

This account is funded by grants received in 2022 through the Local Government Climate Action Program. This account was established to provide the Township with a source of funding to plan and implement climate action initiatives that are intended to reduce emissions, create new opportunities for people in the clean economy, and build community resilience to future climate impacts.

Community Impact Mitigation Fee

Under the Community Impact Mitigation and Operating Agreement with the CRD, the Township receives an annual amount to compensate for the presence and impacts of hosting the Core Area Wastewater Treatment Plant. Under the Agreement, the Township receives an annual payment, adjusted each year by the Consumer Price Index, as compensation. There are no restrictions or specific requirement for the funds received.

Local Government Housing Initiatives

This one-time funding from the Provincial Government is intended to support the Township with the activities and projects require to meet the new legislative requirements that support housing initiatives, including small-scale multi-unit housing and proactive planning, development finance, and transit-oriented development.