

**REPORT TO THE FINANCE COMMITTEE
 MEETING OF WEDNESDAY, NOVEMBER 06, 2024**

SUBJECT Bylaw Nos. 4632 and 4633: Capital Reserve Fund Bylaws

ISSUE SUMMARY

There is a need to establish a capital reserve fund for the Emergency Telephone Service Establishment Service and the Juan de Fuca Community Parks Service.

BACKGROUND

Capital Regional District (CRD) services use capital reserve funds established by bylaw to help accumulate resources for future capital expenditures. Periodically, services transfer either budgeted or surplus funds to their respective capital reserve fund.

Capital Reserve Guidelines were adopted at the July 07, 2021 Board meeting. These guidelines provide measures to evaluate the health of capital reserves and set targets to support sustainable service delivery, aligning with the corporate plan priority. The practice of building capital reserves for funding ongoing infrastructure renewal, expanding service levels and funding unexpected capital investments is essential to ensuring long-term sustainability of infrastructure-dependent CRD services.

As part of the 2024 financial planning process, transfers to capital reserve were identified that result in the need to amend existing capital reserve bylaws, with some new reserves required before December 31, 2024.

It is proposed that the following bylaws be approved, and reserves be created:

Bylaw No.	Bylaw Title
4632	Emergency Response Telephone Extended Service Capital Reserve Fund Bylaw No. 1, 2024
4633	Juan de Fuca Community Parks Service Capital Reserve Fund Bylaw No. 1, 2024

ALTERNATIVES

Alternative 1

The Finance Committee recommends to the Capital Regional District Board:

1. That Bylaw No. 4632, “Emergency Response Telephone Extended Service Capital Reserve Fund Bylaw No. 1, 2024”, be introduced and read a first, second and third time; and
2. That Bylaw No. 4632 be adopted.
3. That Bylaw No. 4633, “Juan de Fuca Community Parks Service Capital Reserve Fund Bylaw No. 1, 2024”, be introduced and read a first, second and third time; and
4. That Bylaw No. 4633 be adopted.

Alternative 2

That Bylaws Nos. 4632 and 4633 be deferred pending further information from staff.

IMPLICATIONS

Financial Implications

Capital reserve funds provide a source of funding for future capital expenditures. Funds transferred to and from these reserves will be approved by the Board as part of the annual financial planning process and will be held in separate funds for each service.

Establishment of capital reserve funds for the Emergency Response Telephone Extended Service will allow the transfer of \$123,102 surplus from the service’s general capital fund to a capital reserve fund. The surplus is related to completion of the Emergency Response Dispatch Centre project in 2021 and will allow for spending on future capital projects.

A capital reserve fund for the Juan de Fuca Community Parks Service will enable the accumulation of funds for future capital projects required to maintain and expand service levels.

CONCLUSION

The practice of building capital reserves for funding ongoing infrastructure renewal is essential to ensuring the long-term sustainability of infrastructure-dependent CRD services. As with all capital reserve funds, the resources to build the proposed capital reserve funds can either be part of the respective service budget or result from an operating surplus. Funds transferred to and from these reserves will be approved by the Board as part of the annual financial planning process and will be held in separate funds for each service.

RECOMMENDATION

The Finance Committee recommends to the Capital Regional District Board:

1. That Bylaw No. 4632, “Emergency Response Telephone Extended Service Capital Reserve Fund Bylaw No. 1, 2024”, be introduced and read a first, second and third time; and
2. That Bylaw No. 4632 be adopted.
3. That Bylaw No. 4633, “Juan de Fuca Community Parks Service Capital Reserve Fund Bylaw No. 1, 2024”, be introduced and read a first, second and third time; and
4. That Bylaw No. 4633 be adopted.

Submitted by:	Varinia Somosan, CPA, CGA, Sr. Mgr., Financial Services / Deputy CFO
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer, GM Finance & IT
Concurrence:	Kristen Morley, J.D., General Manager, Corporate Services & Corporate Officer
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENTS

Appendix A: Bylaw No. 4632: “Emergency Response Telephone Extended Service Capital Reserve Fund Bylaw No. 1, 2024”

Appendix B: Bylaw No. 4633: “Juan de Fuca Community Parks Service Capital Reserve Fund Bylaw No. 1, 2024”