

**REPORT TO THE ELECTORAL AREA SERVICES COMMITTEE  
MEETING OF WEDNESDAY, SEPTEMBER 20, 2017**

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**SUBJECT**     **Feasibility Study Reserve Fund**

**ISSUE**

To consider the cessation of the Feasibility Study Reserve Fund Service.

**BACKGROUND**

In 1971, Bylaw 79, The Feasibility Study Reserve Bylaw, 1971, was adopted by the Capital Regional District (CRD) Board. The Bylaw gave the Board the authority to establish a Reserve Fund to be used for:

1. The possible adoption of a function
2. The provision of a work or service for a specified area pursuant to Section 616; and
3. The provision of a work by local improvement.

As stated in Bylaw 79:

If the function referred to in 1 above is subsequently granted to the Regional District or the work or service [referred to in 2 or 3 above] proceeded with, all expenditures made from the fund for the purpose of the feasibility study shall be charged to the function, specified area or work concerned.

The following table summarizes transactions in the Feasibility Study Reserve Fund since creation;

	<b>JDF</b>	<b>SSI</b>	<b>SGI</b>
Accumulated Requisitions	38,860	57,260	53,880
Grants/Transfers/Other	77,125	109,410	107,132
<b>TOTAL FUNDING</b>	<b>115,985</b>	<b>166,670</b>	<b>161,012</b>
Accumulated Expenditures	(84,717)	(113,334)	(99,321)
<b>FUND BALANCE</b>	<b>31,268</b>	<b>53,336</b>	<b>61,691</b>

<b>Most Recent Activity in Fund</b>	<b>2009</b>	<b>2011</b>	<b>2011</b>
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Most of the expenditures that have been charged to the fund have been for studies on local water and sewer utilities. Upon review of the fund, no activity has occurred in recent years as shown above.

## **ALTERNATIVES**

### **Alternative 1**

That the Electoral Area Services Committee recommend to the Capital Regional District Board:  
That the Feasibility Study Reserve Fund be maintained for future feasibility studies.

### **Alternative 2**

That the Electoral Area Services Committee recommend to the Capital Regional District Board:  
That the funds remaining in the Feasibility Study Reserve Fund be paid back to the taxpayers of the Electoral Areas as a negative tax requisition and the fund be closed.

## **IMPLICATIONS**

The Feasibility Study Reserve was created to ensure that funds are available should a study be required for the creation of a new function or service. Administratively, it would not be necessary to prepare a financial plan amendment when a feasibility study occurs as the annual budget includes the entire fund balance as an expenditure.

Grant funding may also be used as an alternative source to fund feasibility studies, however, would be contingent on alignment of the study with grant eligibility requirements. There are no other reserves for the purpose of funding feasibility studies for the Electoral Areas.

It is possible that an operating reserve fund could be created from the funds on hand; however, a financial plan amendment would be required in the event that an unplanned expenditure is required from the fund. Alternatively an unplanned expenditure could be deferred to a later year to be included in that year's budget.

## **CONCLUSION**

The CRD annual operating budget includes the balance in the Feasibility Study Reserve Fund in its total operating expenses. Therefore, in the event that a feasibility study is required, no financial plan amendment is necessary.

## **RECOMMENDATION**

That the Electoral Area Services Committee recommend to the Capital Regional District Board:  
That the Feasibility Study Reserve Fund be maintained for future feasibility studies.

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