

**REPORT TO THE ELECTORAL AREA SERVICES COMMITTEE
MEETING OF WEDNESDAY, NOVEMBER 15, 2017**

SUBJECT **Bylaw 4214: Capital Reserve Fund for the Salt Spring Island Community Transit Service**

ISSUE

The need to establish a capital reserve fund for the Salt Spring Island (SSI) Community Transit 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 operating surplus funds to their respective capital reserve fund. The practice of building capital reserves for funding ongoing infrastructure renewal is essential to ensuring long-term sustainability of infrastructure-dependent CRD services.

The SSI Electoral Area Director concurs with the establishment of this proposed capital reserve fund.

ALTERNATIVES

Alternative 1

That the Electoral Area Services Committee recommend to the CRD Board:

That Bylaw No. 4214, "Salt Spring Island Community Transit Capital Reserve Fund Bylaw No. 1, 2017" be introduced and read a first and second time, read a third time, and adopted.

Alternative 2

That the Electoral Area Services Committee recommend to the CRD Board:

That the surplus funds be carried forward as surpluses in each service budget and be offset as contingencies, and that the proposed capital reserve fund bylaws not be adopted.

FINANCIAL IMPLICATIONS

Capital reserve funds provide a readily available source of funding for capital expenditures. Fund balances earn interest. By transferring unused funds at year end to a reserve fund, services are more likely to accumulate the required resources for future capital expenditures.

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. The terms of the proposed bylaws specify the kinds of expenditures that are allowed with the reserve funds.

The SSI Electoral Area Director concurs with the establishment of the proposed capital reserve fund.

RECOMMENDATION

That the Electoral Area Services Committee recommend to the CRD Board:
That Bylaw No. 4214, “Salt Spring Island Community Transit Service Capital Reserve Fund Bylaw No. 1, 2017” be introduced and read a first and second time, read a third time, and adopted.

Submitted by:	Rianna Lachance, BCom, CPA, CA, Senior Manager, Financial Services
Concurrence:	Nelson Chan, MBA, CPA, CMA, Chief Financial Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

Appendix 1: Bylaw No. 4214