

**REPORT TO CAPITAL REGIONAL DISTRICT BOARD
MEETING OF WEDNESDAY, DECEMBER 11, 2019**

SUBJECT **Bylaw Nos. 4244 and 4333: Amendments to Operating Reserve Bylaw Nos. 4102 and 4146**

ISSUE SUMMARY

To amend Capital Regional District (CRD) Board approval of Bylaws No. 4102 and 4146 relating to the administration of Operating Reserve Funds.

BACKGROUND

In 2016, the CRD Board approved establishment of the two Operating Reserve Fund bylaws listed below. These bylaws enable CRD services to set aside operating funds to cover cyclical expenditures, unforeseen operating expenses, and special one-time operating projects, as well as to mitigate fluctuations in revenue. Contained in both of the bylaws is the list of services for which operating reserve funds are authorized.

Reserve guidelines limit transfers to operating reserves, transferring only to fund one-time projects or with the intent of stabilizing ongoing revenue requirements. Reserve funding levels support financial stability of ongoing operations and reduce risk of service interruption. A review of the CRD's reserve fund policies and reserve fund health is currently underway with findings to be reported to the Governance and Finance Committee.

As part of the 2020 financial planning process, transfers to operating reserve were identified that result in the need to amend the existing operating reserve bylaws.

It is proposed that the bylaws be amended as follows:

Bylaw No.	Bylaw Title	Amendment
4102	Capital Regional District Regional Services Operating Reserve Fund Bylaw, No. 1, 2016	Add: 'Regional Emergency Program'
4146	Capital Regional District Electoral Area Services Operating Reserve Fund Bylaw No. 1, 2016	Replace: 'Community Transit (SSI)' with 'SSI Community Transit and Transportation'

The addition of an operating reserve for the Regional Emergency Program service is to fund one-time program cost for emergency planning workshop in a future year. The reserve name change for the Salt Spring Island Community Transit and Transportation service is in alignment with service establishment bylaw authority and the reserve is going to fund cyclical repairs and maintenance on paths and trails in the service area.

ALTERNATIVES

Alternative 1

1. That Bylaw No. 4244 cited as the “Capital Regional District Regional Services Operating Reserve Fund Bylaw No. 1, 2016, Amendment Bylaw No. 2, 2019” be introduced and read a first, second and third time.
2. That Bylaw No. 4244 be adopted.
3. That Bylaw No. 4333 cited as the “Capital Regional District Electoral Area Services Operating Reserve Fund Bylaw No. 1, 2016, Amendment Bylaw No. 2, 2019” be introduced and read a first, second and third time;
4. That Bylaw No. 4333 be adopted.

Alternative 2

That Bylaws 4244 and 4333 be deferred pending further information from staff.

IMPLICATIONS

Financial Implications

The proposed amendments to the bylaws will enable the transfer of surplus funds to reserve for future operating expenditures and revenue stabilization as required. Funds transferred to and from these reserves will be approved by the Board as part of the annual financial planning process will be held in separate funds for each service.

CONCLUSION

Bylaws 4102 and 4146 enable CRD services to set aside operating funds to cover cyclical expenditures, unforeseen operating expenses, special one-time operating projects, as well as to mitigate fluctuations in revenue. Contained in both of the bylaws is the list of services for which operating reserve funds are authorized. The recommendation is to amend these bylaws to include the additional services. 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

1. That Bylaw No. 4244 cited as the “Capital Regional District Regional Services Operating Reserve Fund Bylaw No. 1, 2016, Amendment Bylaw No. 2, 2019” be introduced and read a first, second and third time.
2. That Bylaw No. 4244 be adopted.
3. That Bylaw No. 4333 cited as the “Capital Regional District Electoral Area Services Operating Reserve Fund Bylaw No. 1, 2016, Amendment Bylaw No. 2, 2019” be introduced and read a first, second and third time;
4. That Bylaw No. 4333 be adopted.

Submitted by:	Rianna Lachance, BCom, CPA, CA, Senior Manager, Financial Services
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Concurrence:	Kristen Morley, J.D., General Manager, Corporate Services & Corporate Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

ATTACHMENT(S)

Appendix A: Bylaw No. 4244

Appendix B: Bylaw No. 4333