



REPORT

To: Chair and Directors

Report Number: ADM-BRD-095

From: Teri Vetter, Chief Financial Officer & Kelsey Bates, Deputy CO

Date: October 20, 2020

Subject: Operating Reserve Fund Establishment Bylaw Amendment No. 2417, 2020

RECOMMENDATION #1: [Corporate Unweighted]

That the Regional Board give 'Operating Reserve Fund Establishment Amendment Bylaw No. 2417, 2020', which establishes an operating reserve for Area B Potable Water Service, and updates the maximum amounts in a number of existing reserves, first three readings.

RECOMMENDATION #2: [Corporate Unweighted – 2/3 Majority]

That the Regional Board adopt 'Operating Reserve Fund Establishment Amendment Bylaw No. 2417, 2020'.

BACKGROUND/RATIONALE:

In 2017, the Regional Board established the 'Electoral Area "B" Potable Water Service' through Bylaw No. 2283, 2017.

Section 377 of the *Local Government Act* provides the authority for the PRRD to establish reserve funds by applying Division 4 [Reserve Funds] of Part 6 of the *Community Charter*. Specifically, Section 188(1), which states, "A council may, by bylaw, establish a reserve fund for a specified purpose and direct that money be placed to the credit of the reserve fund". The purpose of this new reserve is to establish an operating reserve fund for the Area B Potable Water Service function for unexpected costs, special projects, and extraordinary operational requirements.

It is essential that governments maintain adequate levels of operating reserves to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures) and to ensure stable tax rates. The Government Finance Officers Association recommends, at a minimum, that governments maintain operating reserves of no less than two months of regular operating expenditures or revenue.

The Bylaw Amendment also proposes the following increases to other existing operating reserve funds:

Name of Service/Function	Name of Reserve	Current Maximum (plus interest)	Proposed Increase Maximum (plus interest)
Fort St. John Airport Water	FSJ Airport Water	50,000	75,000
Charlie Lake Sewer	Charlie Lake Sewer	50,000	300,000
Legislative – Electoral Areas	Elections	50,000	150,000
Fort St. John Airport Sewer	FSJ Airport Sewer	50,000	75,000
Legislative - Regional	Feasibility	150,000	400,000
Admin – Fiscal & Other	Information Systems	350,000	400,000
Rolla Sewer	Rolla Sewer	50,000	75,000
Solid Waste	Solid Waste	2,000,000	3,500,000
Charlie Lake Fire	Charlie Lake Fire Dept.	50,000	250,000
Emergency Planning	Emergency Planning	250,000	400,000
Clearview Arena Ice	Clearview Arena	130,000	250,000
Buick Creek Arena	Buick Creek Arena	75,000	250,000
Regional Parks	Regional Parks	50,000	150,000
Community Parks	Community Parks	50,000	150,000
Administrative – Electoral Areas	Insurance	400,000	600,000
Tomslake Fire	Tomslake Fire	50,000	100,000
Area B Potable Water	Area B Potable Water		350,000

ALTERNATIVE OPTIONS:

1. That the Regional Board respectfully refuse 'Operating Reserve Fund Establishment Amendment Bylaw No. 2417, 2020', which establishes an operating reserve for Area B Potable Water Service, and updates other reserves' maximum amounts.
2. That the Regional Board provide further direction.

STRATEGIC PLAN RELEVANCE:

☒ Not Applicable to Strategic Plan.

FINANCIAL CONSIDERATION(S):

Funds will be requisitioned or added from surplus to operating reserves specific to the corresponding function. For example, only Function 500 – Solid Waste would requisition or use their surplus to add to that specific operating reserve.

COMMUNICATIONS CONSIDERATION(S):

None at this time.

OTHER CONSIDERATION(S):

None at this time.

Attachments:

1. Operating Reserve Fund Establishment Amendment Bylaw No. 2417, 2020
2. Electoral Area “B” Potable Water Service Establishment Bylaw No. 2283, 2017