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Item No. 12.1.2
Audit & Finance Standing Committee
September 7, 2016

TO: Chair and Members of Audit & Finance Standing Committee

Original Signed

SUBMITTED BY:

Amanda Whitewood, Director of Finance and Information Technology/CFO

DATE: August 30, 2016

SUBJECT: Long-term Fiscal Strategy Reserve Review – New Reserve Business Cases

ORIGIN

Audit & Finance Standing Committee, July 20, 2016, item 12.1.2 recommended to Halifax Regional Council to approve the proposed reserves as presented in the report.

Halifax Regional Council, July 26, 2016, item 14.2.2, approved the proposed reserves as outlined in attachment 1 of the staff report dated June 28, 2016.

The presentation during meeting outlined one of the next steps was to return to Audit & Finance Standing Committee with new Reserve Business Cases.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter (“Charter”), Section 120(1) states that the Municipality shall maintain a capital reserve fund. The Charter, Section 120(6) states that the Municipality may maintain other reserve funds for such purposes as the Council may determine.

RECOMMENDATION

It is recommended that the Audit & Finance Standing Committee recommend that Halifax Regional Council approve the attached new Reserve Business Cases and revised merging into the three new themes.

BACKGROUND

In September 2014, Administrative Order 2014-015-ADM was approved by Council and lays out a new framework for reserves. The new Reserve categories are intended to serve three specific purposes:

1. Risk
2. Opportunities
3. Future Obligations

The report, approved by Council, also provided the new Reserve Business Case template, and Reserve Corporate Guidelines.

On July 26, 2016, Council approved the reduction of 52 reserves to 20 reserves.

Per the Administrative Order 2014-015 ADM, each reserve is to have a reserve business case approved by Council.

DISCUSSION

Attached are the new Reserve Business Cases, as requested by Council, and required per the Administrative Order.

During the process of developing reserve business cases, it was noted that some of the previous merging/regrouping required changes.

Originally, the Major Events Facilities was merged into the new Build Recapitalization and Replacement Reserve, and it has been moved to the Multi-District Facility Reserve.

One other change is the Debt Principal and Interest Repayment Reserve has been reclassified as an Opportunity Reserve, and has been moved from the Obligation Reserve Theme category.

FINANCIAL IMPLICATIONS

The proposed new Reserve Business Cases will have no financial implication to the current fiscal year. In the longer term, the additional flexibility in the reserves and a full integration in the long-term operating and capital budget process will help ensure that the reserves have the appropriate balances to support the organization.

RISK CONSIDERATION

There are no significant risks associated with the recommendation in this report. The risks considered rate Low. The consolidation of 52 reserves into 20 reserves will improve reserve flexibility to fund operating or capital and should actually reduce our risk exposure by building reserves that are flexible to respond and plan for future needs or unknown events.

COMMUNITY ENGAGEMENT

None required.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications.

ALTERNATIVES

The Audit & Finance Standing Committee may reject or modify the new Reserve Business Cases.

ATTACHMENTS

1. 20 New Reserve Business Cases

A copy of this report can be obtained online at <http://www.halifax.ca/commcoun/index.php> then choose the appropriate Community Council and meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

Report Prepared by: Nancy Harper, Accounting Controls and Reporting Manager, 902.490.3696

Report Approved by: Original Signed
Louis de Montbrun, Manager, Financial Reporting, 902.476.0585

Financial Approval by: Original Signed
Amanda Whitewood, Director, Finance and Information Technology/CFO, 902.490.6308

Reserve Business Case

Insurance and Risk Reserve, Q406

Type of Reserve: Risk. A contingency fund for risk recognizes:

- a) the financial risk of unforeseen events involving substantial costs, such as emergencies or economic events; and
- b) that a reserve can mitigate this risk by providing funding for sufficient public safety or preventing service interruptions.

Purpose

To protect HRM against unforeseen financial risks related to claims and judgements against HRM, costs related to natural disasters, such as oil contamination, weather related events such as major flooding, snow storms such as “White Juan”, or other significant events or emergencies. The costs related to insurance and risk can fluctuate greatly each year. The HRM, at any time, has an amount of claims outstanding. This Reserve will provide an amount to lessen the impact of fluctuation in insurance and risk costs.

Fiscal Services provides funds in the Risk and Insurance section to fund risk management activities, to investigate and pay for various claims against the HRM both under the insurance deductible or self-insured (uninsured). Any savings in the Risk and Insurance Section’s operating budget should be contributed to this Reserve and any deficit funded by this reserve, if required to maintain the reserve’s balance or mitigate the impact on HRM’s financial position.

If required, the Director of Finance may authorize year end transfers to/from reserve in accordance with this business case.

This reserve replaces Q306 - Self-Insurance Reserve

Source of Funds

Funding arises from:

- a) transfer of surplus from the Risk and Insurance operating budget;
- b) amounts transferred to the fund as approved by Council; and,
- c) interest accumulated in accordance with the Corporate Guidelines respecting Reserves.

Application of Funds

Funds are allocated for:

- a) funding of claims and settlements over the amount budgeted in Risk and Insurance section;
- b) covering the costs of emergent risks over and above the amounts budgeted.

Time Line and Balances

Reserve is to be ongoing. Per Administrative Order 2014-015, The Director of Finance shall:

- a) review the reserve annually to ensure that funds are contributed and withdrawn according to the approved Reserve Business Case;
- b) review each Reserve at set intervals to ensure continuing relevance and adequacy with the strategic direction of the Municipality;
 - i. Set interval for this reserve will be every 2 years;
- c) provide to Council an annual report on Reserve activity and balance; and,
- d) recommend to Council the closure of any Reserve whose purpose is outdated or to combine any Reserves with similar purposes.

In accordance with the Administrative Order 2014-015, a minimum and maximum balance should be set to meet the purpose of the Reserve. Per the Administrative Order 2014-015 Guidelines, the Business Unit shall submit a five year detailed cash flow projection which includes contributions and withdrawals.

This will be developed in consultation with Business Units and will be updated by September 30, 2017.

Approval Process

As outlined in the Administrative order 2014-015 and Administrative Guidelines, withdrawals from the reserve will be approved by Council, either through the annual budget process to ensure it continues to meet the operational requirements, or by motion of Council subsequent to approved budget. Finance (Accounting) is responsible for ensuring availability of funds and appropriateness of withdrawals in accordance with the Reserve Business Case prior to report submission to Audit & Finance Standing Committee and Council requesting their approval.

Attachments

As per outlined in the time lines and reserve balances section above, the 5 year cash flow will be prepared and attached to reserve business case. This will include assumptions used in projecting dollar amounts with activity for an appropriate length of time keeping with the nature of the reserve.

Original Council Approval Date	
Effective Date of Last Revision	
Business Unit Director Contact	Director, Legal, Insurance and Risk Management Services Director, Finance and Information Technology/CFO

Reserve Business Case

Police Officer on the Job Injury Reserve, Q411

Type of Reserve: Risk. A contingency fund for risk recognizes:

- a) the financial risk of unforeseen events involving substantial costs, such as emergencies or economic events; and
- b) that a reserve can mitigate this risk by providing funding for sufficient public safety or preventing service interruptions.

Purpose

To provide financial assistance for sworn officers injured on the job for those injuries not covered by Long Term Disability insurance. Sworn officers with Halifax Regional Police opted out of the Province's WCB insurance and provide 100% self coverage.

If required, the Director of Finance may authorize year-end transfers to the reserve in accordance with this business case.

This reserve replaces Q323 Police Officer on the Job Injury Reserve.

Source of Funds

Funding arises from:

- a) the Police Services WCB operating account to contribute a minimum of \$25,000 per year;
- b) transfer of year-end surplus funds in Police Services operating budget;
- c) amounts transferred to the fund as approved by Council; and,
- d) interest accumulated in accordance with the Corporate Guidelines respecting Reserves.

Application of Funds

Funds are allocated for supplementing the salary or assisting with Sworn Officer expenses incurred as the result of officers injured on the job, as provided by Article 44 of the 2010 HRPAs collective agreement, or future collective agreements.

Time Line and Balances

This reserve is intended to be permanent. Per Administrative Order 2014-015, The Director of Finance shall:

- a) review the reserve annually to ensure that funds are contributed and withdrawn according to the approved Reserve Business Case;
- b) review each Reserve at set intervals to ensure continuing relevance and adequacy with the strategic direction of the Municipality;
 - i. Set interval for this reserve will be every 3 years;
- c) provide to Council an annual report on Reserve activity and balance; and,
- d) recommend to Council the closure of any Reserve whose purpose is outdated or to combine any Reserves with similar purposes.

In accordance with the Administrative Order 2014-015, a minimum and maximum balance should be set to meet the purpose of the Reserve. Per the Administrative Order 2014-015 Guidelines, the Business Unit shall submit a five year detailed cash flow projection which includes contributions and withdrawals.

This will be developed in consultation with Business Units and will be updated by September 30, 2017.

Approval Process

As outlined in the Administrative order 2014-015 and Administrative Guidelines, withdrawals from the reserve will be approved by Council, either through the annual budget process to ensure it continues to meet the operational requirements, or by motion of Council subsequent to approved budget. Finance (Accounting) is responsible for ensuring availability of funds and appropriateness of withdrawals in accordance with the Reserve Business Case prior to report submission to Audit & Finance Standing Committee and Council requesting their approval.

Attachments

As per outlined in the time lines and reserve balances section above, the 5 year cash flow will be prepared and attached to reserve business case. This will include assumptions used in projecting dollar amounts with activity for an appropriate length of time keeping with the nature of the reserve.

Original Council Approval Date	
Effective Date of Last Revision	
Business Unit Director Contact	Chief of Police, Halifax Regional Police

Reserve Business Case

Operating Stabilization Reserve, Q416

Type of Reserve: Risk. A contingency fund for risk recognizes:

- a) the financial risk of unforeseen events involving substantial costs, such as emergencies or economic events; and
- b) that a reserve can mitigate this risk by providing funding for sufficient public safety or preventing service interruptions.

Purpose

To establish a funding source to smooth significant fluctuations in operating expenditures related to various aspects of service delivery and stabilize tax rates.

This reserve combines and replaces six reserves: Q308 Operations Stabilization Reserve, Q309 Snow and Ice Control Variable Operating Reserve, Q314 E.M.O. Cost Recovery Reserve, Q316 DNA Cost Reserve, Q322 Police Emergency/Extraordinary Investigation Reserve and Q325 Provincially Funded Police Officers & Facility Lease Reserve.

Source of Funds

Funding arises from:

- a) annual allocations from Fiscal Services operating budget;
- b) transfer of year-end surplus representing the variance between funds received/used for Provincially funded police officers;
- c) amounts transferred to the fund as approved by Council; and
- d) interest accumulated in accordance with the Corporate Guidelines respecting Reserves.

Application of Funds

Funds are allocated for:

- a) transfers to operating budget to offset any year-end deficit; and
- b) costs specifically attributable to the provincially funded police officers, such as salaries, benefits, accommodations (facilities) and equipment.

Time Line and Balances

This reserve is intended to be permanent. Per Administrative Order 2014-015, The Director of Finance shall:

- a) review the reserve annually to ensure that funds are contributed and withdrawn according to the approved Reserve Business Case;
- b) review each Reserve at set intervals to ensure continuing relevance and adequacy with the strategic direction of the Municipality;
 - i. Set interval for this reserve will be every 2 years;
- c) provide to Council an annual report on Reserve activity and balance; and,
- d) recommend to Council the closure of any Reserve whose purpose is outdated or to combine any Reserves with similar purposes.

In accordance with the Administrative Order 2014-015, a minimum and maximum balance should be set to meet the purpose of the Reserve. Per the Administrative Order 2014-015 Guidelines, the Business Unit shall submit a five year detailed cash flow projection which includes contributions and withdrawals.

This will be developed in consultation with Business Units and will be updated by September 30, 2017.

Approval Process

As outlined in the Administrative order 2014-015 and Administrative Guidelines, withdrawals from the reserve will be approved by Council, either through the annual budget process to ensure it continues to meet the operational requirements, or by motion of Council subsequent to approved budget. Finance (Accounting) is responsible for ensuring availability of funds and appropriateness of withdrawals in accordance with the Reserve Business Case prior to report submission to Audit & Finance Standing Committee and Council requesting their approval.

Attachments

As per outlined in the time lines and reserve balances section above, the 5 year cash flow will be prepared and attached to reserve business case. This will include assumptions used in projecting dollar amounts with activity for an appropriate length of time keeping with the nature of the reserve.

Original Council Approval Date	
Effective Date of Last Revision	
Business Unit Director Contact	Director, Finance and Information Technology/CFO Chief of Police

Reserve Business Case

General Contingency Reserve, Q421

Type of Reserve: Risk. A contingency fund for risk recognizes:

- a) the financial risk of unforeseen events involving substantial costs, such as emergencies or economic events; and
- b) that a reserve can mitigate this risk by providing funding for sufficient public safety or preventing service interruptions.

Purpose

To receive the annual operating surplus of the Municipality as prescribed by the Provincial Financial Accounting and Reporting Manual, and can be used to fund operating costs, offset deficits, new operating initiatives and/or capital expenditures.

This reserve replaces Q328 Operating Surplus Reserve.

Source of Funds

Funding arises from:

- a) transfer of the year-end operating surplus;
- b) transfers of all or a portion of the year-end Halifax Transit operating surplus;
- c) amounts transferred to the fund as approved by Council; and,
- d) interest accumulated in accordance with the Corporate Guidelines respecting Reserves.

Application of Funds

Funds are allocated for:

- a) addressing any year-end deficit;
- b) funding of operating costs;
- c) funding of capital projects;
- d) transfers to Halifax Transit;
 - i. The amount transferred into the Reserve from Halifax Transit at year-end will be the amount transferred to Halifax Transit in the following fiscal year.

Time Line and Balances

This reserve is intended to be permanent. Per Administrative Order 2014-015, The Director of Finance shall:

- a) review the reserve annually to ensure that funds are contributed and withdrawn according to the approved Reserve Business Case;
- b) review each Reserve at set intervals to ensure continuing relevance and adequacy with the strategic direction of the Municipality;
 - i. Set interval for this reserve will be every 3 years;
- c) provide to Council an annual report on Reserve activity and balance; and,
- d) recommend to Council the closure of any Reserve whose purpose is outdated or to combine any Reserves with similar purposes.

In accordance with the Administrative Order 2014-015, a minimum and maximum balance should be set to meet the purpose of the Reserve. Per the Administrative Order 2014-015 Guidelines, the Business Unit shall submit a five year detailed cash flow projection which includes contributions and withdrawals.

This will be developed in consultation with Business Units and will be updated by September 30, 2017.

Approval Process

As outlined in the Administrative order 2014-015 and Administrative Guidelines, withdrawals from the reserve will be approved by Council, either through the annual budget process to ensure it continues to meet the operational requirements, or by motion of Council subsequent to approved budget. Finance (Accounting) is responsible for ensuring availability of funds and appropriateness of withdrawals in accordance with the Reserve Business Case prior to report submission to Audit & Finance Standing Committee and Council requesting their approval.

Attachments

As per outlined in the time lines and reserve balances section above, the 5 year cash flow will be prepared and attached to reserve business case. This will include assumptions used in projecting dollar amounts with activity for an appropriate length of time keeping with the nature of the reserve.

Original Council Approval Date	
Effective Date of Last Revision	
Business Unit Director Contact	Director, Finance and Information Technology/CFO

Reserve Business Case

Landfill Closure and Post Closure Costs Reserve, Q506

Type of Reserve: Obligation. A saving fund for future obligation recognizes that:

- a) an obligation may be associated with recapitalization of a specific asset where the estimated lifecycle cost of an asset can be reasonably estimated;
- b) an obligation with a strategic plan where the asset or project may not yet be specified, such as the purchase of land;
- c) that a future expenditure may be managed through the long-term operating or capital budget, depending on the magnitude or situation of the obligation.

Purpose

To provide funding for the closure and post closure of landfills, as required by the Halifax Regional Municipality Charter Section 120. Currently there are 3 landfill sites: Sackville, Otter Lake and Mengoni. Specific closure and post closure activities including environmental monitoring programs may be outlined in regulatory approvals for each site (issued by NS Environment).

This reserve combines and replaces two reserves: Q120 Otter Lake Landfill Closure and Q119 Sackville Landfill Closure. Funds from the operating balance sheet account to monitor the Mengoni landfill will be transferred into this reserve.

Source of Funds

Funding arises from:

- a) transfers from Solid Waste Resources operating budget;
- b) amounts transferred to the fund as approved by Council; and,
- c) interest accumulated in accordance with the Corporate Guidelines respecting Reserves.

Application of Funds

The Halifax Regional Municipality Charter, Section 120(4)(c) specifically requires a reserve to cover the landfill closure and post closure costs.

Funds are allocated for:

Costs related to closure and post-closure care and include, but are not limited to:

- a) purchase of equipment and other site assets;
- b) development, construction and removal of infrastructure;

- c) maintenance and upgrades for all site assets;
- d) landfill cover (capping);
- e) environmental monitoring; and,
- f) leachate and gas management.

Time Line and Balances

Reserve is to be ongoing. Per Administrative Order 2014-015, The Director of Finance shall:

- a) review the reserve annually to ensure that funds are contributed and withdrawn according to the approved Reserve Business Case;
- b) review each Reserve at set intervals to ensure continuing relevance and adequacy with the strategic direction of the Municipality;
 - i. Set interval for this reserve will be every 2 years;
- c) provide to Council an annual report on Reserve activity and balance; and,
- d) recommend to Council the closure of any Reserve whose purpose is outdated or to combine any Reserves with similar purposes.

In accordance with the Administrative Order 2014-015, a minimum and maximum balance should be set to meet the purpose of the Reserve. Per the Administrative Order 2014-015 Guidelines, the Business Unit shall submit a five year detailed cash flow projection which includes contributions and withdrawals.

This will be developed in consultation with Business Units and will be updated by September 30, 2017.

Approval Process

As outlined in the Administrative order 2014-015 and Administrative Guidelines, withdrawals from the reserve will be approved by Council, either through the annual budget process to ensure it continues to meet the operational requirements, or by motion of Council subsequent to approved budget. Finance (Accounting) is responsible for ensuring availability of funds and appropriateness of withdrawals in accordance with the Reserve Business Case prior to report submission to Audit & Finance Standing Committee and Council requesting their approval.

Attachments

As per outlined in the time lines and reserve balances section above, the 5 year cash flow will be prepared and attached to reserve business case. This will include assumptions used in projecting dollar amounts with activity for an appropriate length of time keeping with the nature of the reserve.

Original Council Approval Date	
Effective Date of Last Revision	
Business Unit Director Contact	Director, Transportation & Public Works

Reserve Business Case

Municipal Election Reserve, Q511

Type of Reserve: Obligation. A saving fund for future obligation recognizes that:

- a) an obligation may be associated with recapitalization of a specific asset where the estimated lifecycle cost of an asset can be reasonably estimated;
- b) an obligation with a strategic plan where the asset or project may not yet be specified, such as the purchase of land;
- c) that a future expenditure may be managed through the long-term operating or capital budget, depending on the magnitude or situation of the obligation.

Purpose

To provide funding to conduct regular and special Municipal and School Board elections.

This reserve replaces Q313 Municipal Elections Reserve.

Source of Funds

Funding arises from:

- a) an allocation of 25% of anticipated election costs for the next election;
 - i. Based on the estimated costs of the 2016/17 election, less the estimated Provincial School Boards' contribution, the 25% annual amount would have been \$432,000. The annual transfer should be approximately \$432,000.
 - ii. If the reserve has reached its' anticipated requirement of election costs prior to the year of the election, then a transfer to reserve in that year may not be required.
- b) amounts transferred to the fund as approved by Council; and,
- c) interest accumulates in accordance with the Corporate Guidelines respecting Reserves.

Application of Funds

Funds are allocated for:

- a) conducting special and regular elections pursuant to legislation; and,
- b) routine maintenance of election data, systems and election initiatives deemed necessary by the Election office to ensure critical information is current and in place for special and regular elections.

Time Line and Balances

Reserve is to be ongoing. Per Administrative Order 2014-015, The Director of Finance shall:

- a) review the reserve annually to ensure that funds are contributed and withdrawn according to the approved Reserve Business Case;
- b) review each Reserve at set intervals to ensure continuing relevance and adequacy with the strategic direction of the Municipality;
 - i. Set interval for this reserve will be every 3 years;
- c) provide to Council an annual report on Reserve activity and balance; and,
- d) recommend to Council the closure of any Reserve whose purpose is outdated or to combine any Reserves with similar purposes.

In accordance with the Administrative Order 2014-015, a minimum and maximum balance should be set to meet the purpose of the Reserve. Per the Administrative Order 2014-015 Guidelines, the Business Unit shall submit a five year detailed cash flow projection which includes contributions and withdrawals.

This will be developed in consultation with Business Units and will be updated by September 30, 2017.

Approval Process

As outlined in the Administrative order 2014-015 and Administrative Guidelines, withdrawals from the reserve will be approved by Council, either through the annual budget process to ensure it continues to meet the operational requirements, or by motion of Council subsequent to approved budget. Finance (Accounting) is responsible for ensuring availability of funds and appropriateness of withdrawals in accordance with the Reserve Business Case prior to report submission to Audit & Finance Standing Committee and Council requesting their approval.

Attachments

As per outlined in the time lines and reserve balances section above, the 5 year cash flow will be prepared and attached to reserve business case. This will include assumptions used in projecting dollar amounts with activity for an appropriate length of time keeping with the nature of the reserve.

Original Council Approval Date	
Effective Date of Last Revision	
Business Unit Director Contact	Office of the CAO

Reserve Business Case

Convention Centre Reserve, Q521

Type of Reserve: Obligation. A saving fund for future obligation recognizes that:

- a) an obligation may be associated with recapitalization of a specific asset where the estimated lifecycle cost of an asset can be reasonably estimated;
- b) an obligation with a strategic plan where the asset or project may not yet be specified, such as the purchase of land;
- c) that a future expenditure may be managed through the long-term operating or capital budget, depending on the magnitude or situation of the obligation.

Purpose

To provide funding to reimburse the Province for the capital costs (through an annual base rent payment) for the construction of the Halifax Convention Centre (Nova Centre) and to provide funding to pay HRM's equal share of operating costs of the Halifax Convention Centre for 25 years per a Memorandum of Understanding Agreement ("MOU") between the Province and HRM.

This reserve replaces Q326 Convention Centre Reserve.

Source of Funds

Funding arises from:

- a) all property taxes raised from the full site (convention centre, hotel, office tower, retail and parking). In 2016/17, the PID used to calculate contributions the Reserve is PID # 03121364;
- b) amounts transferred to the fund as approved by Council; and
- c) interest accumulated in accordance with the Corporate Guidelines respecting Reserves.

Application of Funds

Funds are allocated for:

- a) rent payments to cover HRM's share of the capital costs amortized over 25 year lease; and,
- b) HRM's share of annual operating costs of the Halifax Convention Centre (Nova Centre).

Time Line and Balances

Reserve is to be ongoing. Per the MOU, it is intended that this Reserve will be required for 25 years.

Per Administrative Order 2014-015, The Director of Finance shall:

- a) review the reserve annually to ensure that funds are contributed and withdrawn according to the approved Reserve Business Case;
- b) review each Reserve at set intervals to ensure continuing relevance and adequacy with the strategic direction of the Municipality;
 - i. Set interval for this reserve will be every 3 years;
- c) provide to Council an annual report on Reserve activity and balance; and,
- d) recommend to Council the closure of any Reserve whose purpose is outdated or to combine any Reserves with similar purposes.

In accordance with the Administrative Order 2014-015, a minimum and maximum balance should be set to meet the purpose of the Reserve. Per the Administrative Order 2014-015 Guidelines, the Business Unit shall submit a five year detailed cash flow projection which includes contributions and withdrawals.

This will be developed in consultation with Business Units and will be updated by September 30, 2017.

Approval Process

As outlined in the Administrative order 2014-015 and Administrative Guidelines, withdrawals from the reserve will be approved by Council, either through the annual budget process to ensure it continues to meet the operational requirements, or by motion of Council subsequent to approved budget. Finance (Accounting) is responsible for ensuring availability of funds and appropriateness of withdrawals in accordance with the Reserve Business Case prior to report submission to Audit & Finance Standing Committee and Council requesting their approval.

Attachments

As per outlined in the time lines and reserve balances section above, the 5 year cash flow will be prepared and attached to reserve business case. This will include assumptions used in projecting dollar amounts with activity for an appropriate length of time keeping with the nature of the reserve.

Original Council Approval Date	
Effective Date of Last Revision	
Business Unit Director Contact	Director, Finance and Information Technologies/CFO

Reserve Business Case

Capital Fund Reserve, Q526

Type of Reserve: Obligation. A saving fund for future obligation recognizes that:

- a) an obligation may be associated with recapitalization of a specific asset where the estimated lifecycle cost of an asset can be reasonably estimated;
- b) an obligation with a strategic plan where the asset or project may not yet be specified, such as the purchase of land;
- c) that a future expenditure may be managed through the long-term operating or capital budget, depending on the magnitude or situation of the obligation.

Purpose

To provide funding for capital projects as identified in the annual budget process.

This reserve is governed by the Halifax Regional Municipality Charter Section 120(1), (3) and (4).

This Reserve combines and replaces nine reserves: Q101 Sale of Capital Assets Reserve (Sale of Land); Q103 Capital Surplus Account; Q124 Upper Sackville Turf Capital Reserve; Q130 Capital Replacement Reserve; Q131 Energy and Underground Services Reserve; Q142 Waterfront Development Reserve; Q311 Cemetery Maintenance Reserve; Q321 Information & Communication Technologies (ICT) Reserve; and Q329 Regional Parking Strategy & Urban Core Improvement Reserve.

Source of Funds

Funding arises from:

- a) funds received from the sale of property, other than the sale of Business/Industrial Parks land, the sale of land conveyed to HRM for parks, playgrounds or other similar public purposes under section 282 of the Halifax Regional Municipality Charter and the sale of specific properties identified to be contributions to the Strategic Capital Reserve, Q606;
- b) proceeds of insurance resulting from loss or damage of property that is not used for the replacement, repair or reconstruction of the property;
- c) any surplus remaining from the sale of debentures that is not used for the purpose for which the debentures were issued;
- d) the surplus remaining in a sinking fund when the debentures for which it was established are repaid;

- e) any capital grant not expended in the year in which it was paid;
- f) proceeds received from the winding up of a municipal enterprise as defined in the Municipal Finance Corporation Act;
- g) funds held in excess of twenty years in the Tax Sale Surplus Trust account as per Section 162(5) of the Halifax Regional Municipality Charter;
- h) one half (1/2) of all user fees from the artificial turf facilities located on the Weir Field in Upper Sackville;
- i) revenue collected from the administration of parking enforcement by HRM on behalf of Waterfront Development Corporation Limited (WDCL);
- j) the operating surplus from MetroPark, other than amounts required by Q541;
- k) revenue from private sector and quasi-private sector parking providers in the urban core which are collaborating on projects related to tracking and communicating parking inventories;
- l) amounts transferred to the fund as approved by Council; and
- m) interest accumulates in accordance with the Corporate Guidelines on Reserves.

Application of Funds

Funds are allocated for:

- a) capital expenses for which the municipality may borrow;
- b) HRM's share of capital enhancement projects between HRM and WDCL of HRM owned waterfront assets which consist of Nathan Green Park, Chebucto Landing, Sackville Landing, Karlson Wharf, Lower Water Street and Salter Street.
- c) capital costs for the Parking Strategy Project – Roadmap, identified in Functional Plan. Funding identified for governance, use of technology for parking payment (such as pay by plate technology) and the management of parking in high-demand neighbourhoods.) Projects from the roadmap should support three broad themes: (1) Strategies that increase the efficiency of the existing parking system; (2) Strategies that reduce parking demand; and (3) Additional supporting parking related strategies; and,
- d) capital costs of the "Downtown I'm In – Urban Core Community Engagement" – Applicable initiatives should be "low cost/high impact opportunities to improve the urban core".

Time Line and Balances

Reserve is to be ongoing. The 2008 Regional Parking Strategy is a 25 year functional plan and as such this reserve is intended to be maintained to a minimum of March 31, 2032 for those types of funding withdrawals.

Per Administrative Order 2014-015, The Director of Finance shall:

- a) review the reserve annually to ensure that funds are contributed and withdrawn according to the approved Reserve Business Case;
- b) review each Reserve at set intervals to ensure continuing relevance and adequacy with the strategic direction of the Municipality;

- i. Set interval for this reserve will be every 3 years;
- c) provide to Council an annual report on Reserve activity and balance; and,
- d) recommend to Council the closure of any Reserve whose purpose is outdated or to combine any Reserves with similar purposes.

In accordance with the Administrative Order 2014-015, a minimum and maximum balance should be set to meet the purpose of the Reserve. Per the Administrative Order 2014-015 Guidelines, the Business Unit shall submit a five year detailed cash flow projection which includes contributions and withdrawals.

This will be developed in consultation with Business Units and will be updated by September 30, 2017.

Approval Process

As outlined in the Administrative order 2014-015 and Administrative Guidelines, withdrawals from the reserve will be approved by Council, either through the annual budget process to ensure it continues to meet the operational requirements, or by motion of Council subsequent to approved budget. Finance (Accounting) is responsible for ensuring availability of funds and appropriateness of withdrawals in accordance with the Reserve Business Case prior to report submission to Audit & Finance Standing Committee and Council requesting their approval.

Attachments

As per outlined in the time lines and reserve balances section above, the 5 year cash flow will be prepared and attached to reserve business case. This will include assumptions used in projecting dollar amounts with activity for an appropriate length of time keeping with the nature of the reserve.

Original Council Approval Date	
Effective Date of Last Revision	
Business Unit Director Contact	Director, Finance and Information Technology/CFO Director, Operations Support

Reserve Business Case

Fleet Vehicles & Equipment, Q531

Type of Reserve: Obligation. A saving fund for future obligation recognizes that:

- a) an obligation may be associated with recapitalization of a specific asset where the estimated lifecycle cost of an asset can be reasonably estimated;
- b) an obligation with a strategic plan where the asset or project may not yet be specified, such as the purchase of land;
- c) that a future expenditure may be managed through the long-term operating or capital budget, depending on the magnitude or situation of the obligation.

Purpose

Due to HRM's debt policy stating that debt will not be used for assets with a life expectancy under 10 years, this reserve is to provide funding for replacement of fleet vehicles and equipment with a useful life of less than 10 years.

This Reserve combines and replaces three reserves: Q204 General Fleet Reserve, Q205 Police Vehicle & Equipment Reserve and Q206 Fire Vehicle & Equipment Reserve.

Source of Funds

Funding arises from:

- a) proceeds received through the sale of all surplus vehicles and equipment;
- b) amounts transferred to the fund as approved by Council; and
- c) interest accumulates in accordance with the Corporate Guidelines on Reserves.

Application of Funds

The Reserve is intended to provide funding for the purchase of vehicles and equipment with a useful life of less than 10 years.

Time Line and Balances

Reserve is to be ongoing. Per Administrative Order 2014-015, The Director of Finance shall:

- a) review the reserve annually to ensure that funds are contributed and withdrawn according to the approved Reserve Business Case;
- b) review each Reserve at set intervals to ensure continuing relevance and adequacy with the strategic direction of the Municipality;

- i. Set interval for this reserve will be every 3 years;
- c) provide to Council an annual report on Reserve activity and balance; and,
- d) recommend to Council the closure of any Reserve whose purpose is outdated or to combine any Reserves with similar purposes.

In accordance with the Administrative Order 2014-015, a minimum and maximum balance should be set to meet the purpose of the Reserve. Per the Administrative Order 2014-015 Guidelines, the Business Unit shall submit a five year detailed cash flow projection which includes contributions and withdrawals.

This will be developed in consultation with Business Units and will be updated by September 30, 2017.

Approval Process

As outlined in the Administrative order 2014-015 and Administrative Guidelines, withdrawals from the reserve will be approved by Council, either through the annual budget process to ensure it continues to meet the operational requirements, or by motion of Council subsequent to approved budget. Finance (Accounting) is responsible for ensuring availability of funds and appropriateness of withdrawals in accordance with the Reserve Business Case prior to report submission to Audit & Finance Standing Committee and Council requesting their approval.

Attachments

As per outlined in the time lines and reserve balances section above, the 5 year cash flow will be prepared and attached to reserve business case. This will include assumptions used in projecting dollar amounts with activity for an appropriate length of time keeping with the nature of the reserve.

Original Council Approval Date	
Effective Date of Last Revision	
Business Unit Director Contact	Director, Operations Support

Reserve Business Case

Central Library Recapitalization Reserve, Q536

Type of Reserve: Obligation. A saving fund for future obligation recognizes that:

- a) an obligation may be associated with recapitalization of a specific asset where the estimated lifecycle cost of an asset can be reasonably estimated;
- b) an obligation with a strategic plan where the asset or project may not yet be specified, such as the purchase of land;
- c) that a future expenditure may be managed through the long-term operating or capital budget, depending on the magnitude or situation of the obligation.

Purpose

To provide funding for capital expenditures related to the Central Library recapitalization and replacement and costs to replace building systems.

This reserve replaces Q140 Central Library Recapitalization Reserve.

Source of Funds

Funding arises from:

- a) an annual contribution from Central Library operating budget of 2% of the building costs, escalated by 2% annually to reflect inflation;
- b) amounts transferred to the fund as approved by Council; and
- c) interest accumulates in accordance with the Corporate Guidelines respecting Reserves.

Application of Funds

Funds are allocated for capital improvement projects and projects that preserve the structural integrity of the Central Library building.

Funds are not allocated for routine maintenance.

Time Line and Balances

Reserve is to be ongoing. Per Administrative Order 2014-015, The Director of Finance shall:

- a) review the reserve annually to ensure that funds are contributed and withdrawn according to the approved Reserve Business Case;

- b) review each Reserve at set intervals to ensure continuing relevance and adequacy with the strategic direction of the Municipality;
 - i. Set interval for this reserve will be every 3 years;
- c) provide to Council an annual report on Reserve activity and balance; and,
- d) recommend to Council the closure of any Reserve whose purpose is outdated or to combine any Reserves with similar purposes.

In accordance with the Administrative Order 2014-015, a minimum and maximum balance should be set to meet the purpose of the Reserve. Per the Administrative Order 2014-015 Guidelines, the Business Unit shall submit a five year detailed cash flow projection which includes contributions and withdrawals.

This will be developed in consultation with Business Units and will be updated by September 30, 2017.

Approval Process

As outlined in the Administrative order 2014-015 and Administrative Guidelines, withdrawals from the reserve will be approved by Council, either through the annual budget process to ensure it continues to meet the operational requirements, or by motion of Council subsequent to approved budget. Finance (Accounting) is responsible for ensuring availability of funds and appropriateness of withdrawals in accordance with the Reserve Business Case prior to report submission to Audit & Finance Standing Committee and Council requesting their approval.

Attachments

As per outlined in the time lines and reserve balances section above, the 5 year cash flow will be prepared and attached to reserve business case. This will include assumptions used in projecting dollar amounts with activity for an appropriate length of time keeping with the nature of the reserve.

Original Council Approval Date	
Effective Date of Last Revision	
Business Unit Director Contact	Director, Finance and Information Technology/CFO

Reserve Business Case

Building Recapitalization and Replacement Reserve, Q541

Type of Reserve: Obligation. A saving fund for future obligation recognizes that:

- a) an obligation may be associated with recapitalization of a specific asset where the estimated lifecycle cost of an asset can be reasonably estimated;
- b) an obligation with a strategic plan where the asset or project may not yet be specified, such as the purchase of land;
- c) that a future expenditure may be managed through the long-term operating or capital budget, depending on the magnitude or situation of the obligation.

Purpose

To provide funding to significant capital projects related to building recapitalization, renovations, leasehold improvements or replacement.

This Reserve combines and replaces four reserves: Q112 5594-96 Morris Street Capital Expenditure Reserve, Q125 MetroPark Parkade Reserve, and Q135 Alderney Gate Recapitalization/Leasehold Improvement Reserve.

Source of Funds

Funding arises from:

- a) annual contribution from MetroPark Cost Centre; (past years minimum was \$222,500 per year);
- b) annual contribution from Alderney Gate Operating Cost Centre; (last year's amount was \$405,200 including inflation);
- c) amounts required by any new agreements, other than Multi-District Facilities;
- d) amounts transferred to the fund as approved by Council; and,
- e) interest accumulates in accordance with the Corporate Guidelines respecting Reserves.

Application of Funds

Funds may be used for recapitalization, renovations, leasehold improvements or replacement capital costs on HRM buildings/structures. Reserve is intended for significant capital projects, that are extending the life or performance of the asset and is not for routine maintenance.

Time Line and Balances

Reserve is to be ongoing. Per Administrative Order 2014-015, The Director of Finance shall:

- a) review the reserve annually to ensure that funds are contributed and withdrawn according to the approved Reserve Business Case;
- b) review each Reserve at set intervals to ensure continuing relevance and adequacy with the strategic direction of the Municipality;
 - i. Set interval for this reserve will be every 2 years;
- c) provide to Council an annual report on Reserve activity and balance; and,
- d) recommend to Council the closure of any Reserve whose purpose is outdated or to combine any Reserves with similar purposes.

In accordance with the Administrative Order 2014-015, a minimum and maximum balance should be set to meet the purpose of the Reserve. Per the Administrative Order 2014-015 Guidelines, the Business Unit shall submit a five year detailed cash flow projection which includes contributions and withdrawals.

This will be developed in consultation with Business Units and will be updated by September 30, 2017.

Approval Process

As outlined in the Administrative order 2014-015 and Administrative Guidelines, withdrawals from the reserve will be approved by Council, either through the annual budget process to ensure it continues to meet the operational requirements, or by motion of Council subsequent to approved budget. Finance (Accounting) is responsible for ensuring availability of funds and appropriateness of withdrawals in accordance with the Reserve Business Case prior to report submission to Audit & Finance Standing Committee and Council requesting their approval.

Attachments

As per outlined in the time lines and reserve balances section above, the 5 year cash flow will be prepared and attached to reserve business case. This will include assumptions used in projecting dollar amounts with activity for an appropriate length of time keeping with the nature of the reserve.

Original Council Approval Date	
Effective Date of Last Revision	
Business Unit Director Contact	Director, Finance and Information Technology/CFO

Reserve Business Case

Multi-District Facilities Reserve, Q546

Type of Reserve: Obligation. A saving fund for future obligation recognizes that:

- a) an obligation may be associated with recapitalization of a specific asset where the estimated lifecycle cost of an asset can be reasonably estimated;
- b) an obligation with a strategic plan where the asset or project may not yet be specified, such as the purchase of land;
- c) that a future expenditure may be managed through the long-term operating or capital budget, depending on the magnitude or situation of the obligation.

Purpose

To provide funding to significant capital projects related to building recapitalization, renovations, leasehold improvements or replacement of Multi-District Facilities.

The Multi-District facilities include event, and some indoor sport facilities as designated by Council. Currently, the Multi-District facilities include the following HRM owned assets: Alderney Landing, BMO Centre, Canada Games Centre, Centennial Pool, Cole Harbour Place, Dartmouth Sportsplex, Halifax Forum, Sackville Sports Stadium, Scotiabank Centre and St. Margaret's Centre. Council may adjust the Multi-District Facilities listing to include other facilities.

The Reserve combines and replaces two reserves: Q141 BMO Centre Life Cycle Reserve and Q319 Major Events Facility Reserve.

Source of Funds

Funding arises from:

- a) contributions will be as outlined within operating agreements for HRM-owned Multi-District Facilities with potential funding based on the facilities' annual operating budgets and naming rights revenue;
- b) annual contribution from BMO Centre. The current agreement sets the amount at \$200,000, \$150,000 from operating and \$50,000 from the naming rights; annual operating surplus and naming rights of Scotiabank Centre;
- c) amounts transferred to the fund as approved by Council; and,
- a) interest accumulated in accordance with the Corporate Guidelines respecting Reserves.

Application of Funds

Funds are allocated for recapitalization, renovations, leasehold improvements or replacement capital costs on HRM buildings/structures.

Reserve is intended for significant capital projects that are extending the life or performance of the asset. Reserve is not for regular maintenance costs or for items outlined within operating agreements for each specific HRM-owned Multi-District Facility.

Time Line and Balances

Reserve is to be ongoing. Per Administrative Order 2014-015, The Director of Finance shall:

- a) review the reserve annually to ensure that funds are contributed and withdrawn according to the approved Reserve Business Case;
- b) review each Reserve at set intervals to ensure continuing relevance and adequacy with the strategic direction of the Municipality;
 - i. Set interval for this reserve will be every 3 years;
- c) provide to Council an annual report on Reserve activity and balance; and,
- d) recommend to Council the closure of any Reserve whose purpose is outdated or to combine any Reserves with similar purposes.

In accordance with the Administrative Order 2014-015, a minimum and maximum balance should be set to meet the purpose of the Reserve. Per the Administrative Order 2014-015 Guidelines, the Business Unit shall submit a five year detailed cash flow projection which includes contributions and withdrawals.

This will be developed in consultation with Business Units and will be updated by September 30, 2017.

Approval Process

As outlined in the Administrative order 2014-015 and Administrative Guidelines, withdrawals from the reserve will be approved by Council, either through the annual budget process to ensure it continues to meet the operational requirements, or by motion of Council subsequent to approved budget. Finance (Accounting) is responsible for ensuring availability of funds and appropriateness of withdrawals in accordance with the Reserve Business Case prior to report submission to Audit & Finance Standing Committee and Council requesting their approval.

Attachments

As per outlined in the time lines and reserve balances section above, the 5 year cash flow will be prepared and attached to reserve business case. This will include assumptions used in projecting dollar amounts with activity for an appropriate length of time keeping with the nature of the reserve.

Original Council Approval Date	
Effective Date of Last Revision	
Business Unit Director Contact	Director, Community & Recreation Services Director, Finance and Information Technology/CFO

Reserve Business Case

Transit Capital Reserve, Q551

Type of Reserve: Obligation. A saving fund for future obligation recognizes that:

- a) an obligation may be associated with recapitalization of a specific asset where the estimated lifecycle cost of an asset can be reasonably estimated;
- b) an obligation with a strategic plan where the asset or project may not yet be specified, such as the purchase of land;
- c) that a future expenditure may be managed through the long-term operating or capital budget, depending on the magnitude or situation of the obligation.

Purpose

To provide funding for the replacement of buses, ferries, transit technology and other transit infrastructure.

This reserve combines and replaces three reserves: Q143 Bus Replacement Reserve, Q129 Ferry Replacement Capital Reserve, and Q144 Metro Transit Technology Reserve.

Source of Funds

Funding arises from:

- a) transfers from the Halifax Transit operating budget;
- b) amounts transferred to the fund as approved by Council; and
- c) interest accumulated in accordance with the Corporate Guidelines respecting Reserves.

Application of Funds

Funds are allocated for:

- a) bus replacement for Halifax Transit;
- b) mid-life repair of Halifax Transit ferry vessels;
- c) purchase and/or design and construction of new Halifax Transit vessels and other transit infrastructure; and,
- d) implementation, replacement, or modification to transit technology.

Funds are not for retrofits, capital improvements, repairs or maintenance to existing bus fleet, vessels or transit infrastructure.

Time Line and Balances

Reserve is to be ongoing. Per Administrative Order 2014-015, The Director of Finance shall:

- a) review the reserve annually to ensure that funds are contributed and withdrawn according to the approved Reserve Business Case;
- b) review each Reserve at set intervals to ensure continuing relevance and adequacy with the strategic direction of the Municipality;
 - i. Set interval for this reserve will be every 3 years;
- c) provide to Council an annual report on Reserve activity and balance; and,
- d) recommend to Council the closure of any Reserve whose purpose is outdated or to combine any Reserves with similar purposes.

In accordance with the Administrative Order 2014-015, a minimum and maximum balance should be set to meet the purpose of the Reserve. Per the Administrative Order 2014-015 Guidelines, the Business Unit shall submit a five year detailed cash flow projection which includes contributions and withdrawals.

This will be developed in consultation with Business Units and will be updated by September 30, 2017.

Approval Process

As outlined in the Administrative order 2014-015 and Administrative Guidelines, withdrawals from the reserve will be approved by Council, either through the annual budget process to ensure it continues to meet the operational requirements, or by motion of Council subsequent to approved budget. Finance (Accounting) is responsible for ensuring availability of funds and appropriateness of withdrawals in accordance with the Reserve Business Case prior to report submission to Audit & Finance Standing Committee and Council requesting their approval.

Attachments

As per outlined in the time lines and reserve balances section above, the 5 year cash flow will be prepared and attached to reserve business case. This will include assumptions used in projecting dollar amounts with activity for an appropriate length of time keeping with the nature of the reserve.

Original Council Approval Date	
Effective Date of Last Revision	
Business Unit Director Contact	Director, Halifax Transit

Reserve Business Case

Solid Waste Facilities Reserve, Q556

Type of Reserve: Obligation. A saving fund for future obligation recognizes that:

- a) an obligation may be associated with recapitalization of a specific asset where the estimated lifecycle cost of an asset can be reasonably estimated;
- b) an obligation with a strategic plan where the asset or project may not yet be specified, such as the purchase of land;
- c) that a future expenditure may be managed through the long-term operating or capital budget, depending on the magnitude or situation of the obligation.

Purpose

To provide funding for solid waste capital expenditures, including but not limited to, the purchase of land, construction, upgrades, studies or engagements and equipment for landfill, recycling, compost, or transfer station facilities or other solid waste facilities.

This reserve combines and replaces two reserves: Q123 Waste Resources Capital Reserve and Q137 Regional Capital Cost Charges Reserve.

Source of Funds

Funding arises from:

- a) transfers from Fiscal Services operating budget;
- b) the Capital Cost Charge (CCC's) for Solid Waste Facilities as incorporated into Bylaws C-600, respecting Regional Capital Cost Charges & C-800, respecting Regional Capital Cost Charges for Solid Waste;
- c) amounts transferred to the fund as approved by Council; and
- d) interest accumulated in accordance with the Corporate Guidelines respecting Reserves.

Application of Funds

Funds are allocated for:

- a) funding of construction/recapitalization of landfill cells;
- b) funding of construction/recapitalization of solid waste facility plants, transit stations and other Solid Waste infrastructure; and,
- c) funding for equipment, including replacement green carts, to operate the waste resources program.

Time Line and Balances

Reserve is to be ongoing. Per Administrative Order 2014-015, The Director of Finance shall:

- a) review the reserve annually to ensure that funds are contributed and withdrawn according to the approved Reserve Business Case;
- b) review each Reserve at set intervals to ensure continuing relevance and adequacy with the strategic direction of the Municipality;
 - i. Set interval for this reserve will be every 3 years;
- c) provide to Council an annual report on Reserve activity and balance; and,
- d) recommend to Council the closure of any Reserve whose purpose is outdated or to combine any Reserves with similar purposes.

In accordance with the Administrative Order 2014-015, a minimum and maximum balance should be set to meet the purpose of the Reserve. Per the Administrative Order 2014-015 Guidelines, the Business Unit shall submit a five year detailed cash flow projection which includes contributions and withdrawals.

This will be developed in consultation with Business Units and will be updated by September 30, 2017.

Approval Process

As outlined in the Administrative order 2014-015 and Administrative Guidelines, withdrawals from the reserve will be approved by Council, either through the annual budget process to ensure it continues to meet the operational requirements, or by motion of Council subsequent to approved budget. Finance (Accounting) is responsible for ensuring availability of funds and appropriateness of withdrawals in accordance with the Reserve Business Case prior to report submission to Audit & Finance Standing Committee and Council requesting their approval.

Attachments

As per outlined in the time lines and reserve balances section above, the 5 year cash flow will be prepared and attached to reserve business case. This will include assumptions used in projecting dollar amounts with activity for an appropriate length of time keeping with the nature of the reserve.

Original Council Approval Date	
Effective Date of Last Revision	
Business Unit Director Contact	Director, Transportation and Public Works

Reserve Business Case

Strategic Capital Reserve, Q606

Type of Reserve: Opportunity. A contingency fund for opportunities recognizes that:

- a) not all expenditures are planned or anticipated; and
- b) an opportunity may arise to develop services or achieve efficiencies and that the Municipality must react rapidly or lose that opportunity, such as a sudden change in the economy or the introduction of cost shared programs from other levels of government or the private sector.

Purpose

To provide funding for large capital projects that are strategic in nature.

To allow the municipality to take advantage of leveraging funds from other levels of government and external agencies.

This reserve is governed by the Halifax Regional Municipality Charter Section 120(1), (3) and (4).

“Strategic” is defined as initiatives which will enable HRM to respond to challenges to our service and infrastructure capability caused by population growth, rapid urban and suburb and development expansion, changing demographics and rapid technological advancements.

Projects should be consistent with long term policies, long term capital planning initiatives outlined in the Strategic Capital Planning and Infrastructure and Arena Consolidation Long Term Arena Strategy reports/presentations of July 2014.

This reserve combines and replaces four reserves: Q310 Service Improvement Reserve; Q330 Strategic Studies Reserve; Q126 Strategic Growth/Potential Strategic Project Reserve and Q146 Planned Strategic Project Reserve.

Source of Funds

Funding arises from:

- a) funds received from the sale of property, specifically St. Pats High - 6070 Quinpool Road; Alderney/Ochterloney Parking lots; Lyle Street property; Bloomfield property; Queen Street lot (remaining from Central Library); Red Cross Site; St. Pats Alexandra; Bayne Street property; Bowles Arena; Lebrun Arena; Gray Arena;

- b) sale of other properties, as designated by Council;
- c) an annual transfer from Fiscal Services operating budget; (previous annual amount was \$5,000,000);
- d) amounts transferred to the fund as approved by Council; and,
- e) interest accumulated in accordance with the Corporate Guidelines respecting Reserves.

Application of Funds

Funds are allocated for projects identified in the Strategic Capital Presentation to Council such as Dartmouth Multi Pad, Dartmouth Sportsplex, Cogswell Interchange, \$50M 5Yr Downtown Streetscapes project, and for future potential projects such as, but not limited to, new police station, fire services training facility, stadium, performing arts centre, library facilities, performing arts centre and commuter rail/fast ferry.

Time Line and Balances

Reserve is to be ongoing. Per Administrative Order 2014-015, The Director of Finance shall:

- a) review the reserve annually to ensure that funds are contributed and withdrawn according to the approved Reserve Business Case;
- b) review each Reserve at set intervals to ensure continuing relevance and adequacy with the strategic direction of the Municipality;
 - i. Set interval for this reserve will be every 2 years;
- c) provide to Council an annual report on Reserve activity and balance; and,
- d) recommend to Council the closure of any Reserve whose purpose is outdated or to combine any Reserves with similar purposes.

In accordance with the Administrative Order 2014-015, a minimum and maximum balance should be set to meet the purpose of the Reserve. Per the Administrative Order 2014-015 Guidelines, the Business Unit shall submit a five year detailed cash flow projection which includes contributions and withdrawals.

This will be developed in consultation with Business Units and will be updated by September 30, 2017.

Approval Process

As outlined in the Administrative order 2014-015 and Administrative Guidelines, withdrawals from the reserve will be approved by Council, either through the annual budget process to ensure it continues to meet the operational requirements, or by motion of Council subsequent to approved budget. Finance (Accounting) is responsible for ensuring availability of funds and appropriateness of withdrawals in accordance with the Reserve Business Case prior to report submission to Audit & Finance Standing Committee and Council requesting their approval.

Attachments

As per outlined in the time lines and reserve balances section above, the 5 year cash flow will be prepared and attached to reserve business case. This will include assumptions used in

projecting dollar amounts with activity for an appropriate length of time keeping with the nature of the reserve.

Original Council Approval Date	
Effective Date of Last Revision	
Business Unit Director Contact	Director, Finance and Information Technology/CFO

Reserve Business Case

Parkland Development Reserve, Q611

Type of Reserve: Opportunity. A contingency fund for opportunities recognizes that:

- a) not all expenditures are planned or anticipated; and
- b) an opportunity may arise to develop services or achieve efficiencies and that the Municipality must react rapidly or lose that opportunity, such as a sudden change in the economy or the introduction of cost shared programs from other levels of government or the private sector.

Purpose

To manage cash-in-lieu of parkland dedication fees received through the development and subdivision process and for the acquisition of, and capital improvements to, parks, playgrounds and similar public purposes.

The Reserve is governed by Halifax Regional Municipality Charter Section 283.

This reserve replaces Q107 Parkland Development Reserve.

Source of Funds

Funding arises from:

- a) funds received from the sale of property;
- b) funds received under Halifax Regional Municipality Charter Section 283(1) and Regional Subdivision By-law;
- c) funds received from sale of lands no longer needed for parks, playgrounds or similar public purposes, pursuant to Halifax Regional Municipality Charter Section 283(14);
- d) amounts transferred to the fund as approved by Council; and
- e) interest accumulated in accordance with the Corporate Guidelines respecting Reserves.

Application of Funds

Per the Halifax Regional Municipality Charter Section 283(5): Funds are allocated for the acquisition of, and capital improvements to parks, playgrounds, and similar public purposes.

Time Line and Balances

Reserve is to be ongoing. Per Administrative Order 2014-015, The Director of Finance shall:

- a) review the reserve annually to ensure that funds are contributed and withdrawn according to the approved Reserve Business Case;
- b) review each Reserve at set intervals to ensure continuing relevance and adequacy with the strategic direction of the Municipality;
 - i. Set interval for this reserve will be every 3 years;
- c) provide to Council an annual report on Reserve activity and balance; and,
- d) recommend to Council the closure of any Reserve whose purpose is outdated or to combine any Reserves with similar purposes.

In accordance with the Administrative Order 2014-015, a minimum and maximum balance should be set to meet the purpose of the Reserve. Per the Administrative Order 2014-015 Guidelines, the Business Unit shall submit a five year detailed cash flow projection which includes contributions and withdrawals.

This will be developed in consultation with Business Units and will be updated by September 30, 2017.

Approval Process

As outlined in the Administrative order 2014-015 and Administrative Guidelines, withdrawals from the reserve will be approved by Council, either through the annual budget process to ensure it continues to meet the operational requirements, or by motion of Council subsequent to approved budget. Finance (Accounting) is responsible for ensuring availability of funds and appropriateness of withdrawals in accordance with the Reserve Business Case prior to report submission to Audit & Finance Standing Committee and Council requesting their approval.

Attachments

As per outlined in the time lines and reserve balances section above, the 5 year cash flow will be prepared and attached to reserve business case. This will include assumptions used in projecting dollar amounts with activity for an appropriate length of time keeping with the nature of the reserve.

Original Council Approval Date	
Effective Date of Last Revision	
Business Unit Director Contact	Director, Parks & Recreation

Reserve Business Case

Business/Industrial Parks Expansion Reserve, Q616

Type of Reserve: Opportunity. A contingency fund for opportunities recognizes that:

- a) not all expenditures are planned or anticipated; and
- b) an opportunity may arise to develop services or achieve efficiencies and that the Municipality must react rapidly or lose that opportunity, such as a sudden change in the economy or the introduction of cost shared programs from other levels of government or the private sector.

Purpose

To manage funds received from the sale of land in HRM business and industrial parks and to provide funding for the capital investment required to acquire and develop and service land for sale in HRM's business and industrial parks.

This reserve is governed by the Halifax Regional Municipality Charter Section 120(1) (3) and (4).

This reserve replaces Q121 Business/Industrial Parks Development Reserve.

Source of Funds

Funding arises from:

- a) net revenues from the sale of land in HRM business and industrial parks;
- b) amounts transferred to the fund as approved by Council; and,
- c) interest accumulated in accordance with the Corporate Guidelines respecting Reserves.

Application of Funds

Funds are allocated for:

- a) business and industrial park land acquisition;
- b) reimbursing operating costs to business unit for professional and other outside costs; and
- c) land servicing, development and construction costs necessary to bring the lands to market.

Time Line and Balances

Reserve is to be ongoing. Per Administrative Order 2014-015, The Director of Finance shall:

- a) review the reserve annually to ensure that funds are contributed and withdrawn according to the approved Reserve Business Case;
- b) review each Reserve at set intervals to ensure continuing relevance and adequacy with the strategic direction of the Municipality;
 - i. Set interval for this reserve will be every 3 years;
- c) provide to Council an annual report on Reserve activity and balance; and,
- d) recommend to Council the closure of any Reserve whose purpose is outdated or to combine any Reserves with similar purposes.

In accordance with the Administrative Order 2014-015, a minimum and maximum balance should be set to meet the purpose of the Reserve. Per the Administrative Order 2014-015 Guidelines, the Business Unit shall submit a five year detailed cash flow projection which includes contributions and withdrawals.

This will be developed in consultation with Business Units and will be updated by September 30, 2017.

Approval Process

As outlined in the Administrative order 2014-015 and Administrative Guidelines, withdrawals from the reserve will be approved by Council, either through the annual budget process to ensure it continues to meet the operational requirements, or by motion of Council subsequent to approved budget. Finance (Accounting) is responsible for ensuring availability of funds and appropriateness of withdrawals in accordance with the Reserve Business Case prior to report submission to Audit & Finance Standing Committee and Council requesting their approval.

Attachments

As per outlined in the time lines and reserve balances section above, the 5 year cash flow will be prepared and attached to reserve business case. This will include assumptions used in projecting dollar amounts with activity for an appropriate length of time keeping with the nature of the reserve.

Original Council Approval Date	
Effective Date of Last Revision	
Business Unit Director Contact	Director, Operations Support

Reserve Business Case

Community and Events Reserve, Q621

Type of Reserve: Opportunity. A contingency fund for opportunities recognizes that:

- a) not all expenditures are planned or anticipated; and
- b) an opportunity may arise to develop services or achieve efficiencies and that the Municipality must react rapidly or lose that opportunity, such as a sudden change in the economy or the introduction of cost shared programs from other levels of government or the private sector.

Purpose

To provide funding to attract and host exceptional large-scale sporting and tourism events that create significant economic impacts, promote Halifax as a multi-experiential event destination and attract tourists to HRM for multiple day visits.

To provide funding to community non-profit and public institutions in support of major capital initiatives by facilitating the development of significant community infrastructure in order to realize tangible cultural, sectoral and economic impacts on a national, provincial, regional or sectoral scale.

To provide funding to support the principles and objectives of the Cultural Plan and the HRM Public Art Policy.

This reserve combines and replaces four reserves: Q127 Sustainable Community Reserve; Q138 Community Facility Partnership; Q312 Culture Development Reserve and Q315 Special Events Reserve.

Source of Funds

Funding arises from:

- a) a transfer of 40% of the Provincial Hotel Sales Tax (Marketing Levy);
- b) a transfer from Fiscal Services operating budget;
- c) amounts transferred to the fund as approved by Council; and,
- d) interest accumulated in accordance with the Corporate Guidelines respecting Reserves.

Application of Funds

Funds are allocated for:

- a) support to events that support tourism and economic development through the Marketing Levy grant program;
- b) Cultural/Heritage projects;
- c) significant community infrastructure (non-profit and public institutions); and,
- d) Public Art.

Time Line and Balances

Per Administrative Order 2014-015, The Director of Finance shall:

- a) review the reserve annually to ensure that funds are contributed and withdrawn according to the approved Reserve Business Case;
- b) review each Reserve at set intervals to ensure continuing relevance and adequacy with the strategic direction of the Municipality;
 - i. Set interval for this reserve will be every 2 years;
- c) provide to Council an annual report on Reserve activity and balance; and,
- d) recommend to Council the closure of any Reserve whose purpose is outdated or to combine any Reserves with similar purposes.

In accordance with the Administrative Order 2014-015, a minimum and maximum balance should be set to meet the purpose of the Reserve. Per the Administrative Order 2014-015 Guidelines, the Business Unit shall submit a five year detailed cash flow projection which includes contributions and withdrawals.

This will be developed in consultation with Business Units and will be updated by September 30, 2017.

Approval Process

As outlined in the Administrative order 2014-015 and Administrative Guidelines, withdrawals from the reserve will be approved by Council, either through the annual budget process to ensure it continues to meet the operational requirements, or by motion of Council subsequent to approved budget. Finance (Accounting) is responsible for ensuring availability of funds and appropriateness of withdrawals in accordance with the Reserve Business Case prior to report submission to Audit & Finance Standing Committee and Council requesting their approval.

Attachments

As per outlined in the time lines and reserve balances section above, the 5 year cash flow will be prepared and attached to reserve business case. This will include assumptions used in projecting dollar amounts with activity for an appropriate length of time keeping with the nature of the reserve.

Original Council Approval Date	
Effective Date of Last Revision	
Business Unit Director Contact	Director, Community & Recreation Services

Reserve Business Case

Gas Tax Reserve, Q626

Type of Reserve: Opportunity. A contingency fund for opportunities recognizes that:

- a) not all expenditures are planned or anticipated; and
- b) an opportunity may arise to develop services or achieve efficiencies and that the Municipality must react rapidly or lose that opportunity, such as a sudden change in the economy or the introduction of cost shared programs from other levels of government or the private sector.

Purpose

To manage funds received under the Municipal Funding Agreement for the Transfer of Federal Gas Tax Funds.

This reserve replaces Q134 - Gas Tax Reserve.

Source of Funds

Funding arises from:

- a) gas tax funding as per the ten-year Municipal Funding Agreement with the province of Nova Scotia (2014); and,
- b) interest accumulated in accordance with the Municipal Funding Agreement.

Application of Funds

Funds are allocated to investments in infrastructure for its construction, renewal, or material enhancement (expenditures associated with acquiring, planning, designing, constructing or renovating a tangible capital asset) in the following categories:

- a) public transit;
- b) community energy systems;
- c) water and wastewater;
- d) solid waste management;
- e) local roads and bridges;
- f) culture and tourism;
- g) recreation and amateur sport;
- h) highways;
- i) local and regional airports;
- j) short-line rail;

- k) short-sea shipping;
- l) disaster mitigation;
- m) broadband and connectivity; and,
- n) brownfield redevelopment;

Funds are also allocated to investments in capacity-building related to long-term planning practices including:

- a) studies, strategies, or systems related to asset management, which may include software acquisition and implementation;
- b) training directly related to asset management planning; and,
- c) long-term infrastructure plans.

Time Line and Balances

The reserve will be maintained until all funds received through the Municipal Funding Agreement have been received and expended or returned to the Province as required in the Municipal Funding Agreement. In the event that the Funding Agreement is extended, the Gas Tax Reserve will continue to be used for this purpose.

Under the current agreement, all gas tax funds must be spent by December 31, 2024.

Per Administrative Order 2014-015, The Director of Finance shall:

- a) review the reserve annually to ensure that funds are contributed and withdrawn according to the approved Reserve Business Case;
- b) review each Reserve at set intervals to ensure continuing relevance and adequacy with the strategic direction of the Municipality;
 - i. Set interval for this reserve will be every 3 years;
- c) provide to Council an annual report on Reserve activity and balance; and,
- d) recommend to Council the closure of any Reserve whose purpose is outdated or to combine any Reserves with similar purposes.

In accordance with the Administrative Order 2014-015, a minimum and maximum balance should be set to meet the purpose of the Reserve. Per the Administrative Order 2014-015 Guidelines, the Business Unit shall submit a five year detailed cash flow projection which includes contributions and withdrawals.

This will be developed in consultation with Business Units and will be updated by September 30, 2017.

Approval Process

As outlined in the Administrative order 2014-015 and Administrative Guidelines, withdrawals from the reserve will be approved by Council, either through the annual budget process to ensure it continues to meet the operational requirements, or by motion of Council subsequent to approved budget. Finance (Accounting) is responsible for ensuring availability of funds and

appropriateness of withdrawals in accordance with the Reserve Business Case prior to report submission to Audit & Finance Standing Committee and Council requesting their approval.

Attachments

As per outlined in the time lines and reserve balances section above, the 5 year cash flow will be prepared and attached to reserve business case. This will include assumptions used in projecting dollar amounts with activity for an appropriate length of time keeping with the nature of the reserve.

Original Council Approval Date	
Effective Date of Last Revision	
Business Unit Director Contact	Director, Finance and Information Technology/CFO

Reserve Business Case

Debt Principal and Interest Repayment Reserve, Q631

Type of Reserve: Opportunity. A contingency fund for opportunities recognizes that:

- a) not all expenditures are planned or anticipated; and
- b) an opportunity may arise to develop services or achieve efficiencies and that the Municipality must react rapidly or lose that opportunity, such as a sudden change in the economy or the introduction of cost shared programs from other levels of government or the private sector.

Purpose

To provide funding for principal and interest payments related to debentures and the capital and other lease costs for the LED Street Light Conversion Project.

This reserve combines and replaces two reserves: Q327, LED Street Light Conversion Reserve and Q331 Strategic Infrastructure Reserve.

Source of Funds

Funding arises from:

- a) annual transfer from Fiscal Services operating budget equal to the projected annual savings to the Street Lighting Operating budget, currently recorded in R825, resulting from conversion to LED street lights;
- b) annual transfer from Fiscal Services operating budget in the amount that equals a 1 cent Tax Rate increase;
- c) amounts transferred to the fund as approved by Council; and
- d) interest accumulated in accordance with the Corporate Guidelines respecting Reserves.

Application of Funds

Funds are allocated for:

- a) to fund capital project costs, purchase and installation of lights, principal and interest payments and any capital lease costs related to the LED Street Lighting project; and,
- b) to fund principal and interest costs incurred related to debentures.

Time Line and Balances

Reserve is to be ongoing. Per Administrative Order 2014-015, The Director of Finance shall:

- a) review the reserve annually to ensure that funds are contributed and withdrawn according to the approved Reserve Business Case;
- b) review each Reserve at set intervals to ensure continuing relevance and adequacy with the strategic direction of the Municipality;
 - i. Set interval for this reserve will be every 3 years;
- c) provide to Council an annual report on Reserve activity and balance; and,
- d) recommend to Council the closure of any Reserve whose purpose is outdated or to combine any Reserves with similar purposes.

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