

Reserves

2019/20 – 2020/21 Multi-Year Budget and Business Plan

Reserves

Reserves are established following the guidelines outlined in the Provincial Financial Reporting and Accounting Manual, Section 3.15 and Section 3.16. Also, the Halifax Regional Municipality Charter, section 120 (1) states that “the Municipality shall maintain a capital reserve fund.” Section 120(3) states “The capital reserve fund includes:

- a) funds received from the sale of property;
- b) the proceeds of insurance resulting from loss or damage of property that is not used for 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) the current fiscal year’s accrual for landfill closure and post closure costs; and
- h) amounts transferred to the fund by the Council.”

Section 120(4) states “A withdrawal from the capital reserve fund shall be authorized by the Council, by resolution, and may only be used for:

- a) capital expenditures for which the Municipality may borrow;
- b) repayment of the principal portion of capital debt; and
- c) landfill closure and post closure costs.”

Section 120(6) states that “the Municipality may maintain other reserve funds for such purposes as the Council may determine”.

In addition, On October 15, 2014, Council approved the Financial Reserves Administrative Order Number 2014-015 ADM which implemented the following strategies:

- a) assist in planning for the long-term financial health and stability of the Municipality;
- b) assist in removing unstable and unpredictable tax rates;
- c) integrate the reserve business cases into the business planning and long-term operating and capital budgets;
- d) ensure the Municipality has the ability to fund projects and events:
 - a. that produce long-term efficiency gains,
 - b. that are strategic or require significant cost sharing between the Municipality and another person or level of government,
 - c. between budget approvals where there is sudden or unexpected business opportunity,
 - d. where future obligations can be reasonable foreseen, and
 - e. where substantial risk to the Municipality may occur.
- e) reduce the current and future financial impacts to the taxpayer by minimizing significant budget fluctuations and reliance on debt financing by balancing the need for sufficient funds for unforeseen opportunities or obligations with the inefficient use of resources that could otherwise be used for current financial obligations or needs.

Other aspects of the Administrative Order include the payment of interest to the reserves, the segregating of each reserve in the accounting records, and ensuring that reserves will not be in a deficit position.

In general, reserve funds are intended to serve three specific themes:

Contingency funds for risk recognizes that:

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

Savings funds for future - obligations 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 associated with a strategic plan where the asset or project may not yet be specified, such as the purchase of land; and
- c) a future expenditure may be managed through the long-term operating or capital budget, depending on the magnitude or situation of the obligation.

Contingency funds 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.

The Reserves that fit into each of these themes are below:

Risk Reserves

Q406 Insurance and Risk Reserve:

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 the reserve in accordance with this business case.

This Reserve replaced Q306 – Self-Insurance Reserve

Source of Funds

Funding arises from:

- a) transfer of surplus from the Risk and Insurance Section’s 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.

Q411 Police Officer on the Job Injury Reserve:

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.

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.

This reserved replaced Q323 Police Officer on the Job Injury Reserve.

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.

Q416 Operating Stabilization Reserve:

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 combined and replaced 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

- 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.

Q421 General Contingency Reserve:

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 replaced 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

- a) Funds are allocated for:
- b) addressing any year-end deficit;
- c) funding of operating costs;
- d) funding of capital projects; and
- e) 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.

Obligation Reserves

Q506 Landfill Closure and Post Closure Costs Reserve:

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 combined and replaced 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.

Q511 Municipal Election Reserve:

Purpose

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

This reserve replaced 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.

Q521 Convention Centre Reserve:

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 replaced 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 over 25 year lease; and
- b) HRM's share of annual operating costs of the Halifax Convention Centre (Nova Centre).

Q526 Capital Fund Reserve:

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 combined and replaced 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, Karlens Wharf, Lower Water Street and Salter Street, and
- 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”.

Q531 Fleet Vehicles & Equipment Reserve:

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 combined and replaced 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.

Q536 Central Library Recapitalization Reserve:

Purpose

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

This reserve replaced 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.

Q541 Building Recapitalization and Replacement Reserve:**Purpose**

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

This Reserve combined and replaced 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.

Q546 Multi-District Facilities Reserve:**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 combined and replaced two reserves: Q141 BMO Centre Life Cycle Reserve and Q319 Major Events Facility Reserve.

Source of Funds

- 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
- d) 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.

Q551 Transit Capital Reserve:

Purpose

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

This reserve combined and replaced 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.

Q556 Solid Waste Facilities Reserve:

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 combined and replaced 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.

Opportunity Reserves

Q606 Strategic Capital Reserve:

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 combined and replaced 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.

Q611 Parkland Development Reserve:

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 replaced 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.

Q616 Business/Industrial Parks Expansion Reserve:

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 replaced 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: business and industrial park land acquisition;

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

Q621 Community and Events Reserve:

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 combined and replaced 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.

Q626 Gas Tax Reserve:

Purpose

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

This reserve replaced 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.

Q631 Debt Principal and Interest Repayment Reserve:

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 combined and replaced 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.

The following tables are the cash-flow projections for all Reserve Funds for the fiscal year ending March 31, 2020 based on the 2019/20 Proposed Operating and Capital Budgets, and fiscal year ending March 31, 2021 based on the 2020/21 planning document for Operating and Capital Budgets.

PROPOSED RESERVE FUNDS BUDGET						
April 1, 2019 to March 31, 2020						
<i>(rounded to nearest 100)</i>	Projected Net Available Balance April 1, 2019	Budgeted Contributions	Projected Interest	Capital Budget Withdrawals	Operating Budget Withdrawals	Projected Net Available Balance March 31, 2020
Total Risk Reserve	38,866,000	50,000	393,100	(16,407,000)	(2,910,700)	19,991,400
Total Obligation Reserve	39,643,900	15,046,000	764,200	(14,374,500)	(7,906,800)	33,172,800
Total Opportunity Reserve	48,570,400	62,218,700	1,772,800	(58,577,100)	(2,032,300)	51,952,500
Total Reserves	127,080,300	77,314,700	2,930,100	(89,358,600)	(12,849,800)	105,116,700

PROPOSED RESERVE FUNDS BUDGET						
April 1, 2020 to March 31, 2021						
<i>(rounded to nearest 100)</i>	Projected Net Available Balance April 1, 2020	Budgeted Contributions	Projected Interest	Capital Budget Withdrawals	Operating Budget Withdrawals	Projected Net Available Balance March 31, 2021
Total Risk Reserve	19,991,400	50,000	246,900	(4,000,000)	(610,700)	15,677,600
Total Obligation Reserve	33,172,800	17,219,857	561,700	(9,545,000)	(10,216,800)	31,192,557
Total Opportunity Reserve	51,952,500	108,335,133	1,637,100	(55,931,900)	(2,032,300)	103,960,533
Total Reserves	105,116,700	125,604,990	2,445,700	(69,476,900)	(12,859,800)	150,830,690

PROPOSED RESERVE FUNDS BUDGET						
April 1, 2019 to March 31, 2020						
Reserve Name	Projected Net Available Balance April 1, 2019	Budgeted Contribution	Projected Interest	Capital Budget Withdrawals	Operating Budget Withdrawals	Projected Net Available Balance March 31, 2020
Risk Reserve						
Insurance and Risk - Q406	4,168,100	-	67,000	-	-	4,235,100
Police on the Job Injury - Q411	2,167,500	25,000	35,100	-	-	2,227,600
Operating Stabilization - Q416	8,806,400	25,000	139,600	-	(258,400)	8,712,600
General Contingency - Q421	23,724,000	-	151,400	(16,407,000)	(2,652,300)	4,816,100
Total Risk Reserve	38,866,000	50,000	393,100	(16,407,000)	(2,910,700)	19,991,400
Obligation Reserve						
Landfill Closure Costs - Q506	7,767,600	-	131,500	-	(22,000)	7,877,100
Municipal Election - Q511	1,498,000	457,500	24,800	(391,500)	-	1,588,800
Convention Centre - Q521	6,978,500	7,168,000	121,900	-	(7,708,800)	6,559,600
Capital Fund - Q526	3,156,000	3,952,700	140,000	(5,032,000)	(146,000)	2,070,700
Vehicle Fleet and Equipment - Q531	1,153,000	200,000	28,900	-	-	1,381,900
Central Library Recapitalization - Q536	4,322,900	884,400	77,200	-	-	5,284,500
Building Recap and Replacement - Q541	3,674,000	13,800	46,900	(1,700,000)	(30,000)	2,004,700
Multi District Facilities - Q546	(353,000)	1,064,600	17,100	(4,890,000)	-	(4,161,300)
Transit Capital - Q551	167,800	-	36,100	(121,000)	-	82,900
Solid Waste Facilities - Q556	11,279,100	1,305,000	139,800	(2,240,000)	-	10,483,900
Total Obligation Reserve	39,643,900	15,046,000	764,200	(14,374,500)	(7,906,800)	33,172,800
Opportunity Reserve						
Strategic Capital - Q606	(11,946,000)	6,000,000	58,000	(1,160,000)	-	(7,048,000)
Parkland Development - Q611	1,365,200	3,357,200	32,100	(2,000,000)	-	2,754,500
Business/Industrial Parks Expansion - Q616	25,303,000	8,500,000	600,400	-	(45,500)	34,357,900
Community and Events - Q621	1,365,400	1,689,000	69,300	(250,000)	(1,986,800)	886,900
Gas Tax - Q626	955,900	24,971,400	172,500	(25,123,000)	-	976,800
Debt Principal and Interest Repayment - Q631	31,526,900	17,701,100	840,500	(30,044,100)	-	20,024,400
Total Opportunity Reserve	48,570,400	62,218,700	1,772,800	(58,577,100)	(2,032,300)	51,952,500
Total Reserves	127,080,300	77,314,700	2,930,100	(89,358,600)	(12,849,800)	105,116,700

PROPOSED RESERVE FUNDS BUDGET						
April 1, 2020 to March 31, 2021						
Reserve Name	Projected Net Available Balance April 1, 2020	Budgeted Contributions	Projected Interest	Capital Budget Withdrawals	Operating Budget Withdrawals	Projected Net Available Balance March 31, 2021
Risk Reserve						
Insurance and Risk - Q406	4,235,100	-	67,800	-	-	4,302,900
Police on the Job Injury - Q411	2,227,600	25,000	36,000	-	-	2,288,600
Operating Stabilization - Q416	8,712,600	25,000	135,700	-	(258,400)	8,614,900
General Contingency - Q421	4,816,100	-	7,400	(4,000,000)	(352,300)	471,200
Total Risk Reserve	19,991,400	50,000	246,900	(4,000,000)	(610,700)	15,677,600
Obligation Reserve						
Landfill Closure Costs - Q506	7,877,100	-	125,700	-	(22,000)	7,980,800
Municipal Election - Q511	1,588,800	739,800	500	-	(2,300,000)	29,100
Convention Centre - Q521	6,559,600	7,087,000	95,000	-	(7,708,800)	6,032,800
Capital Fund - Q526	2,070,700	5,883,959	44,000	(5,050,000)	(156,000)	2,792,659
Vehicle Fleet and Equipment - Q531	1,381,900	200,000	15,600	(605,000)	-	992,500
Library Recapitalization - Q536	5,284,500	902,100	99,000	-	-	6,285,600
Building Recap and Replacement - Q541	2,004,700	13,798	20,600	(700,000)	(30,000)	1,309,098
Multi District Facilities - Q546	(4,161,300)	1,088,200	-	(1,400,000)	-	(4,473,100)
Transit Capital - Q551	82,900	-	1,300	-	-	84,200
Solid Waste Facilities - Q556	10,483,900	1,305,000	160,000	(1,790,000)	-	10,158,900
Total Obligation Reserve	33,172,800	17,219,857	561,700	(9,545,000)	(10,216,800)	31,192,557
Opportunity Reserve						
Strategic Capital - Q606	(7,048,000)	52,900,000	357,600	(23,500,000)	-	22,709,600
Parkland Development - Q611	2,754,500	750,000	48,100	(500,000)	-	3,052,600
Business/Industrial Parks Expansion - Q616	34,357,900	12,200,000	744,200	-	(45,500)	47,256,600
Community and Events - Q621	886,900	1,689,000	5,400	(250,000)	(1,986,800)	344,500
Gas Tax - Q626	976,800	24,971,433	13,200	(25,123,000)	-	838,433
Debt Principal and Interest Repayment - Q631	20,024,400	15,824,700	468,600	(6,558,900)	-	29,758,800
Total Opportunity Reserve	51,952,500	108,335,133	1,637,100	(55,931,900)	(2,032,300)	103,960,533
Total Reserves	105,116,700	125,604,990	2,445,700	(69,476,900)	(12,859,800)	150,830,690

RESERVE WITHDRAWALS 2019/20				
Reserve	Withdrawals 2019/20	Amount	Total	
Q416	Operating Stabilization Reserve	Operating - Police rent	258,400	258,400
Q421	General Contingency Reserve	Operating - Corporate Accommodations	352,300	
		Operating - YMCA Grant	1,000,000	
		Operating - Halifax Transit surplus returned	1,300,000	
		Capital - Fire Boat Replacement	1,300,000	
		Capital - Parkland Acquisition	3,500,000	
		Capital - Fleet Replacement Heavy Equipment	417,000	
		Capital - General Building Recapitalization	700,000	
		Capital - Halifax North Memorial Library Renos	500,000	
		Capital - Park Recapitalization	650,000	
		Capital - Regional Park Washrooms	400,000	
		Capital - Sidewalk Renewals	2,440,000	
		Capital - Sports Fields/Courts - Renewal	1,500,000	
		Capital - Street Recapitalization	5,000,000	19,059,300
Q506	Landfill Closure & Post Closure Reserve	Operating - Mengoni Environmental Monitoring	22,000	22,000
Q511	Municipal Election Reserve	Capital -2020 Municipal Election - eVoting	391,500	391,500
Q521	Convention Centre Reserve	Operating - Convention Centre Operating Costs	7,708,800	7,708,800
Q526	Capital Fund Reserve	Capital - Environmental Remediation/Building Demolition	400,000	
		Capital - Keshen Goodman Library Renovations	500,000	
		Capital - IMP Land Acquisitions	1,450,000	
		Capital - Energy Efficiency Initiatives	1,000,000	
		Capital - Parking Technology	1,682,000	
		Operating - Real Estate Costs	136,000	
		Operating - Legal costs for real estate	10,000	5,178,000
Q541	Building Recapitalization and Replacement Reserve	Capital - Metro Park Upgrades	100,000	
		Capital - Alderney Gate Recapitalization	1,600,000	
		Operating - Spencer House Renovations	30,000	1,730,000
Q546	Multi-District Facilities Reserve	Capital - BMO Centre	200,000	
		Capital - RBC Centre	150,000	
		Capital - Scotiabank Centre	4,540,000	4,890,000
Q551	Transit Capital Reserve	Capital - Transit Facility Investment Strategy	121,000	121,000
Q556	Solid Waste Facilities Reserve	Capital - Composting/Anaerobic Digestion Plant	1,000,000	
		Capital - Material Recovery Facility Repairs	280,000	
		Capital - New Era Recapitalization	460,000	
		Capital - Burnside Composting Facility Repairs	500,000	2,240,000
Q606	Strategic Capital Reserve	Capital - Zatsman Sportsplex Revitalization	500,000	
		Capital - Cogswell Interchange	660,000	1,160,000
Q611	Parkland Development Reserve	Capital - Parkland Acquisition	2,000,000	2,000,000
Q616	Business/Industrial Park Expansion	Operating - Real Estate costs to cover sale of lots	45,500	45,500
Q621	Community and Events Reserve	Capital - Cultural Spaces	250,000	
		Operating - Cultural Events & Showcase Program	60,000	
		Operating - Public Art operating and program costs	240,000	
		Operating - Hallmark, Tourism and Sporting events/host	1,686,800	2,236,800
Q626	Gas Tax Reserve	Capital - project funding	25,123,000	25,123,000
Q631	Debt Principle and Interest Repayment	Capital - Street Recapitalization	10,000,000	
		Capital - HR Improvement Project	1,500,000	
		Capital - Revenue & Financial Accounting Mgmt Solution	4,500,000	
		Capital - SAP Procurement	2,500,000	
		Capital - Active Transportation	3,548,000	
		Capital - Complete Streets	350,000	
		Capital - Transit Priority Measures Corridor	3,500,000	
		Capital - Commitment LED project	4,146,100	30,044,100
Total Withdrawals				102,208,400

RESERVE CONTRIBUTIONS 2019/20				
Reserve	Contributions 2019/20	Amount	Total	
Q411	Police Officer on the Job Injury Reserve	Operating - Police Services	25,000	25,000
Q416	Operating Stabilization Reserve	Operating - EMO Services	25,000	25,000
Q511	Municipal Election Reserve	Operating - Election Office	415,000	
		Operating - Fiscal Services	42,500	457,500
Q521	Convention Centre Reserve	Operating - Fiscal Services - Tax Rate Revenue	7,168,000	7,168,000
Q526	Capital Fund Reserve	Operating - Transportation & Public Works - Loan Repayment	91,100	
		Operating - Tax Sale Surplus Account	100	
		Operating - Parking Revenue WDC	70,000	
		Revenue - 15% Mt. Hermon Cemetery funds	1,500	
		Operating - Fiscal Services (Metro Park)	1,000,000	
		Sale of Assets - Land/Buildings	2,790,000	3,952,700
Q531	Fleet Vehicles & Equipment Reserve	Sale of Assets - Vehicles and Equipment	200,000	200,000
Q536	Central Library Recapitalization Reserve	Operating - Fiscal Services	884,400	884,400
Q541	Building Recapitalization and Replacement Reserve	Revenue - Spencer House and Southend Daycare rent	13,800	13,800
Q546	Multi-District Facilities Reserve	Revenue - Nustadia (BMO)	254,000	
		Revenue - Scotiabank Centre	532,100	
		Revenue - Nustadia (RBC Centre)	278,500	1,064,600
Q556	Solid Waste Facilities Reserve	Operating - Fiscal	505,000	
		Revenue - Capital Cost Contribution revenue	800,000	1,305,000
Q606	Strategic Capital Reserve	Operating - Fiscal Services	6,000,000	6,000,000
Q611	Parkland Development Reserve	Revenue - Permit Fees	750,000	
		Sale of Assets - Land/Buildings	2,607,200	3,357,200
Q616	Business/Industrial Park Expansion Reserve	Sale of Assets - Land/Buildings	8,500,000	8,500,000
Q621	Community and Events Reserve	Operating - Fiscal Services	300,000	
		Revenue - Marketing Levy	1,389,000	1,689,000
Q626	Gas Tax Reserve	Revenue - Provincial Gas Tax Program Funding	24,971,400	24,971,400
Q631	Debt Principal and Interest Repayment Reserve	Operating - LED Savings	4,146,100	
		Operating - Fiscal Services	13,555,000	17,701,100
Total Contributions				77,314,700