

Funding Available in Reserve for Capital Expenditures

ISSUE

Administration is providing information on the balance available within the Reserve for Capital Expenditures (RCE) for potential use on projects in 2023.

BACKGROUND

The RCE receives funding each year from the operating budget in accordance with the Capital Reserve Bylaw No. 6774. The purpose of RCE is to finance the cost of capital expenditures, at City Council's discretion, which have been authorized through the City's Capital Budget.

At its 2022/2023 Multi-Year Preliminary Corporate Business Plan and Budget meeting on [November 29, 2021](#), City Council approved \$12.1 million for 2022 capital projects and \$3.94 million for 2023 to be funded from RCE for priority projects. The priority projects that were previously approved for 2022 and 2023 from RCE funding are shown in Appendix 1.

CURRENT STATUS

At its discretion, City Council can use funding from RCE to fund additional priority projects or can choose to leave the funding within RCE for future years.

DISCUSSION/ANALYSIS

The current balance available for use in RCE is \$2.58 million. Administration is holding two amounts for contingency within RCE as follows:

1. \$900,000 is held in Contingency for Remail Modern. The cost of the Remail Modern project is still being determined and Administration will report in early 2023 on the costs and any additional funding required. There is still uncertainty on the overall amount required for this project.
2. \$750,000 for an overall contingency to cover additional funding from previously approved RCE projects or critical projects that require funding mid-budget cycle as deemed by City Council.

Table 1 – Reserve for Capital Expenditures Balance

Description	Amount (in millions)
2023 Estimated Opening Balance	\$6.50
2023 Operating Contribution	2.06
2023 Previously Approved RCE Projects	(3.94)
Estimated 2023 RiverLanding Operating Funding	(0.39)
Remail Modern Contingency	(0.90)
Overall Contingency	(0.75)
2023 Balance Available	\$2.58

FINANCIAL IMPLICATIONS

Administration is not recommending any new projects to be added in 2023 funded by RCE for two main reasons:

1. With uncertainty in supply chain and rising capital costs, additional contingency may be required for already approved projects; and
2. With the previously reported 2022 deficit, the majority of contingency funds such as Fiscal Stabilization may need to be utilized leaving no margin for error in 2023. RCE may need to be utilized in 2023 should a deficit occur in order to avoid service level implications and reliance on other capital reserves.

Of course, City Council can choose to increase 2023 capital budgets for any priority project they see fit, using funds from RCE. Or as recommended can leave the funds within the reserve for future priority projects or requirements.

OTHER IMPLICATIONS

There are no privacy, legal, social or environmental implications.

NEXT STEPS

This report is meant as a status update of the RCE. There are several reports included in the budget deliberations agenda that require RCE funding to proceed. City Council could choose to use this funding to advance those projects at the appropriate time during deliberations.

APPENDICES

1. 2023 RCE Funded Capital Projects

REPORT APPROVAL

Written by: Kari Smith, Director of Finance
Approved by: Clae Hack, Chief Financial Officer