

Proposed Amendments to Bylaw No. 6774, Capital Reserve Bylaw

ISSUE

Bylaw No. 6774, Capital Reserve Bylaw requires updates to reflect the addition of two reserves and other administrative changes.

RECOMMENDATION

That the Standing Policy Committee on Finance recommend to City Council that the City Solicitor be requested to prepare the appropriate bylaw amendments to Bylaw No. 6744, as outlined in this report.

BACKGROUND

At the May 31, 2021 City Council Meeting while considering the [Facilities Asset Management Plan](#) it was resolved, in part:

- “4. That the Administration report on changes to Bylaw No. 6774, Capital Reserve Bylaw, 1993, to include Marr Residence and Albert Community Centre.”

At the October 31, 2022 City Council meeting while considering a [Government Funding Budget Adjustment](#) it was resolved, in part:

- “2. That Capital Project P.10046 Albert Community Centre Capital Renewal be increased by \$6,507,300 funded from Federal Government Funding;
3. That a one-time exception to Bylaw No. 6774, *The Capital Reserve Bylaw* be approved to allow for an additional increase to Capital Project P.10046 Albert Community Centre Capital Renewal by \$1,626,800 from the Civic Buildings Comprehensive Maintenance Reserve;”

During a general review of Bylaw No. 6774, various amendments were identified as necessary to improve the Bylaw.

DISCUSSION/ANALYSIS

The Administration has been undertaking a comprehensive review of Bylaw No. 6774 to identify areas where the bylaw could be improved as well as incorporate new reserves which have recently been developed or have been previously approved, but never formalized into the Bylaw. The most significant proposed amendments to Bylaw No. 6774 are as follows:

1. Establish within Bylaw No. 6774 a Transit Additional Vehicles Reserve for financing the purchase of additional transit buses, including any associated equipment and technology. This reserve was approved and established in the 2011 Budget and has been receiving funding; however, has not been formally set

up within Bylaw No. 6774. This Reserve is funded annually from an authorized provision in the City's operating budget. As this Reserve is used to purchase new buses, the reference to purchasing new buses can be deleted from the purposes of the Transit Capital Projects Reserve.

2. Adjustments to various reserves funding statements to be a targeted number or annual City Council decision, as opposed to "equal to" a specific number, which will allow more flexibility in funding reserves when there is not sufficient funding. For example, Civic Building Comprehensive Maintenance reserve currently has wording that funding must be equal to 1.2% of building value, which the City has not been compliant with, and with this change, the bylaw will be adjusted to target 1.2% allowing the City to be compliant with the Bylaw.
3. Removal of loans to be taken from the Transit Vehicles Replacement Reserve. This reserve currently authorizes loans can be issued against the reserve for construction of new capital assets for Saskatoon Transit however, Administration believes that the funds within this reserve should be used solely for transit vehicle replacements, therefore administration is recommended removal of this provision so that this reserve be treated the same as the rest of the reserves within Bylaw No. 6774 for this matter.
4. Expand the definition of "capital expenditure" to include contributions to community groups for pilot projects or grant related funding. In the past, the Reserve for Capital Expenditures has been used to support community group such as for Merlis Belsher Place and the Vaccine and Infectious Disease Organization (VIDO) project for the University of Saskatchewan. These expenditures were listed as capital even though they do not strictly meet the current definition of capital expenditure.
5. The definition of "capital expenditure" be amended to permit expenditures below \$50,000 with the approval of the Chief Financial Officer. Expenditures below \$50,000 can occur in certain years where only design or other smaller portion of projects would occur on a larger project or in projects for studies, or community support projects. While the vast majority of projects would remain over \$50,000 this provides flexibility to utilize capital funding for smaller projects, when required.
6. Establish an Enterprise Resource Planning System Reserve which is required to finance the costs related to changes, upgrades or additional software to support the corporate Enterprise Resource Planning system. Currently, funding has been going directly towards the capital project for implementation and stabilization, however, there is a need to direct future funding into a reserve to proactively fund future requirements. This new reserve will be funded from any remaining funds within Capital Project P.01829 Service Saskatoon-Systems after that project is completed, and annually from an existing authorized provision in the City of Saskatoon's (City) operating budget. The first allocation to this reserve was approved at the 2024/2025 Budget deliberations meeting for \$150,000 in each year.

7. Remove references to initial or previous transfers of funding into reserves, such as the reference to an initial transfer of \$500,000 into the Civic Vehicles and Equipment Stabilization Reserve. This wording adds unnecessary complexity to the Bylaw as these provisions refer to one-time transfers that occurred in the past and that will not occur again in the future.
8. Remove the requirement that reserve contributions of the Active Transportation Reserve not exceed \$500,000. At the time of establishing the reserve at the 2013 Budget Deliberation meeting, the report on [Dedicated Funding for Cycling Infrastructure](#) stated that this annual contribution maximum would be an appropriate funding target, however, the removal of the cap to the annual contribution would allow this reserve to be treated like most of the other reserves where it will be City Council decision on the annual amount and could increase if costs or project requirements increase.
9. Amend the funding of the Active Transportation Reserve, the Fire Department Small Equipment Replacement Reserve, the Leisure Services Equipment Replacement Reserve and the Streetscape Reserve – City-Wide to generally state that these reserves shall be funded annually from an authorized provision in the City’s Operating Budget. These reserves currently have formula or other criteria for funding that are unnecessary complicated or not current as past budget decisions have eroded their relevance and the removal of these provisions would allow Administration to recommend amounts to satisfy future requirements and would allow City Council to add or reduce reserves as they see fit.
10. Amend the Forestry Farm Park and Zoo Capital Reserve to permit the Chief Financial Officer, rather than the City Manager, to approve non-capital expenditures from this reserve. This would be consistent with bullet point number 5 above, whereby the Chief Financial Officer can approve capital projects under \$50,000 for City Council’s consideration.
11. Amend the Holiday Park Golf Course Redevelopment Reserve to permit expenditures of less than \$50,000, consistent with bullet point number 5 above.
12. Rename the “Parks Division Grounds Maintenance Equipment Acquisition Reserve” to the “Parks Grounds Maintenance Equipment Acquisition Reserve” to reflect the current organizational structure.
13. Rename the “PotashCorp Playland Asset Replacement and Maintenance Reserve” to the “Nutrien Playland Asset Replacement and Maintenance Reserve”, and clarify the funding by referring to cost estimates rather than revised cost estimates and repealing the language “at the end of their current cost for major construction”.
14. Revisions to Property Realized Reserve (PRR) to reflect additions from City Council Policy C09-019, Properties (City Owned) Required for Major Projects, and other housekeeping matters to reflect current practices such as:
 - a. the receipt of net lease revenue for those leases as approved by City Council.

- b. removal of Productivity Improvement Loans and loans to finance the acquisition of land other than land held for resale.
 - c. revise the transfer of funds to the Reserve for Capital Expenditures when the reserve is over a \$24 million balance to be as approved by City Council and recommended by Administration.
 - d. The removal of the loan provisions and treat these internal loans in the same manner as other internal loans and not require PRR to set aside funding for them.
 - e. City Council Policy C09-019 included requirements to ensure that the City received fair market value on City land that will be used for major capital projects. Administration proposes moving the applicable sections of C09 019 into Bylaw No. 6774. Once these provisions have been added to Bylaw No. 6774, the Policy can be repealed.
15. Amend the funding of the Streetscape Reserve – Core BID to add that the funding is equal to 50% of parking revenues, less \$63,500. The \$63,500 reduction is a result of decisions made at the 2024/2025 budget deliberations at which City Council determined that reserves should be reduced by 3% on an ongoing basis.

Within the May 21, 2021 report on the Facilities Asset Management Plan, it was stated that the Marr Residence roof repair that was being undertaken would be sufficient to address one-time funding requirements to bring the building to a standard as required by Bylaw No. 6774. Therefore, the Marr Residence is now included within the CBCM Reserve guidelines and future building repairs will be funded through CBCM Reserve. No changes are required to the Bylaw for this addition.

The design work is currently being completed for the Albert Community Center and until such time as the work to complete the project as discussed in the October 31, 2022 report for government funding, the Albert Community Centre will remain funded outside of the CBCM Reserve. Once the work is completed, the Albert Community Centre will be up to the standards as required in Bylaw and can be funded through CBCM.

FINANCIAL IMPLICATIONS

There are no financial implications at this time.

OTHER IMPLICATIONS

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

NEXT STEPS

If approved, the City Solicitor's Office will return to City Council with the approved amendments to Bylaw No. 6774. The City Solicitor's Office will recommend the repeal of City Council Policy C09-019, Properties (City Owned) Required for Major Projects upon adoption of the Bylaw amendments.

REPORT APPROVAL

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