

R.M. OF LUMSDEN NO. 189

FINANCIAL RESERVE POLICY

Adopted by Council on October 13, 2016

Purpose:

The purpose of the Financial Reserve Policy is to provide for long term sustainable funding from own-source revenue for the purchase of equipment and investments into infrastructure improvements and/or replacements with annual reserve contributions. Council recognizes the importance of trying to keep the property tax mill rate stable and predictable for ratepayers as well as an increasing need to address deteriorating/aging infrastructure in the municipality. The annual budget is to reflect a 2% increase to the reserve contributions from the previous budget year to represent inflationary costs to construction and equipment to help ensure the annual contribution rate is adequate to finance future costs.

Infrastructure Renewal Reserve

This reserve is intended for use to undertake bridge/ culvert or road projects where there shall be a long term benefit to the RM as a whole over a period of time. Funds may be used for Engineering/ design, land acquisition, and construction costs.

Contributions into this reserve is based on an annual mill rate contribution. (\$200,000 in 2015 – contribution increase by 2% each year) in addition to servicing agreement fees that are collected for developments that impact non-paved roads.

Pavement Reserve

As the population of the RM of Lumsden grows and the demands change the RM wants to maintain a program of continually improving the pavement road infrastructure. Some of these projects may be significant and/or may only happen periodically. This reserve is to accumulate or hold funds for expenditures on paved roads. Types of projects may include paving/ re-paving, road base development, hill cuts, etc.

This reserve fund may act as a working capital reserve in that funds may be transferred to the general operating account from time to time when cash balances in the general operating account are low and there is a requirement to cover payments and expenses, before taxes, grants and other revenues become available.

Contributions into this reserve are based on 100% of the New Deal Grant revenue received plus an annual mill rate contribution (\$172,406 in 2015 – contribution increase by 2% each year) as well as service agreement fees collected for developments that impact paved roads.

Wascana Creek Realignment Project – Project Specific Reserve

This is a project specific reserve. AECOM has completed an engineered design for the realignment of the Wascana Creek along Seven Bridges Road. The purpose of this project is to reduce the risk of bridge failure and increase road stability. The estimated cost of this project that was received in 2014 was \$414,540.

The municipality has submitted an application under the Building Canada Fund for this project but, as of the date of adoption of this policy, have not received a decision. Council recognizes the importance of

the completion of this project, regardless of grant approval and as such created this reserve to fund the project.

Contributions to this reserve will be \$69,090 annually until the project is fully funded.

Lumsden Sports Centre Reserve

The RM of Lumsden, as a member of the Joint Administration Committee, recognizes the importance of the Lumsden Sports Centre as a recreational facility for residents of the RM of Lumsden.

These funds shall be used for approved capital improvements to the Lumsden Sports Centre. The Board of the Lumsden Sports Centre may request monies from this reserve for capital improvements to the facility for approval by council.

Contributions into this reserve are based on an annual mill rate contribution (\$1,000 in 2016 – contribution increase by 2% each year)

Equipment Reserve

These funds are for replacement and/or purchase of equipment as approved by RM Council. This reserve is created to evenly fund the purchase of equipment. The RM has an equipment replacement schedule and contributions to this reserve will fund that equipment replacement schedule on an even basis, regardless of the timing of the equipment purchase.

The current equipment replacement schedule and contributions require the following contributions to gradually increase the fund to a sustainable level of an approximate contribution of \$100,000/year:

- 2016 contribution \$80,000.00
- 2017 contribution \$80,000.00
- 2018 contribution \$90,000.00
- 2019 contribution \$90,000.00
- 2020 contribution \$100,000.00

The contribution amounts to this reserve will relate to equipment purchases and/or disposals and may be revised during the annual budgetary process.

Grader Reserve

These funds are for replacement and/or purchase of motor graders as approved by RM Council. This reserve is created to evenly fund the purchase of the graders. The RM has a replacement schedule that currently rotates motor graders at the end of the warranty period, and funds that schedule on an even basis, regardless of the timing of the grader purchase.

Fire Equipment Reserve

These funds are for replacement and/or purchase of fire equipment as approved by RM Council. This reserve is created to evenly fund the purchase of fire equipment, on a cost shared basis with the Town of Lumsden in accordance with the Lumsden and District Fire Agreement.

Contributions into this reserve are based on an annual mill rate contribution (\$50,000 in 2015 – contribution increase by 2% each year)

High Density Subdivision Infrastructure Reserve

The RM of Lumsden requires developers to construct internal roadways, sidewalks and communal water and sewer. This infrastructure will be added to the RM's asset inventory, and as such, will at some point require some capital investment.

This reserve establishes a fund for capital projects in high density subdivisions where paved roadways and/or communal utility infrastructure (ie communal water/sewer) is required such as High Density (CR3) Zoning District and High Density Mixed Use (HDMU) zoning district. Funds may be used for Engineering/ design, land acquisition, and construction costs of infrastructure within the particular subdivision. One-time major repair costs due to a capital failure may be considered for funding, at the discretion of council.

Contributions to this reserve will be based on 30% of municipal taxes generated within the boundaries of the zoning district area.

Public Reserve – Cash in Lieu

Under section 186 of the *Planning and Development Act* Council may require the owner of a parcel of land that is subject to a subdivision proposal, to provide land for municipal reserve or provide money in place of the municipal reserve. The Planning and Development Act further states that a market value appraisal must be provided or, the amount dedicated as cash in lieu can be recommended by the municipality and agreed to by the applicant and the approving authority.

The funds in the public reserve are intended to assist the creation of public recreational areas on public or municipal reserves in the municipality. Applications shall be eligible for the funding of 30% of the total project cost, not including in-kind costs, to a maximum of \$3,000 per project. Applications shall be limited to one (1) per year from each ratepayer, resident, club or association. "Ratepayers, residents, clubs or associations" refer to persons or entities within the RM of Lumsden No. 189 or on the Assessment or Tax Roll. Preference shall be given to projects that meet accessibility standards. Eligible applications shall include the following uses on lands designated as municipal or public reserve where it is clear that the expenditure shall benefit the public as a whole:

- A public park or buffer strip, a natural area,
- A public recreation area including playground equipment,
- School purposes, a building or facility
- A building or facility used and owned by a charitable corporation as defined by The Non-profit Corporations Act,
- Public Agricultural or horticultural uses,
- Any other specific or general use that the Minister may provide by regulation.

Deer Valley Capital Reserve

These funds are to be used to fund capital projects within the organized hamlet of Deer Valley where there is a long term benefit to Deer Valley as a whole. Funds may be used for Engineering/ design, land acquisition, and construction costs. One-time major repair costs due to a capital failure may be considered for funding at the discretion of council.

Contributions into this reserve are based on an annual mill rate Contribution (\$95,000 in 2015 – contribution increase by 2% each year)

Deer Valley Hamlet Allotment

As per section 69(2) of *The Municipalities Act* the RM of Lumsden has established a Reserve fund for the hamlet of Deer Valley. Contributions to the reserve are based on 40% of municipal tax revenue generated within the boundaries of Deer Valley. Reserve funds are to be used on activities and services that benefit the residents of Deer Valley. Activities and services can include, but are not limited to, the following:

- Contracted snow removal
- Curbside garbage pickup
- Snow removal
- General maintenance activities
- Professional services