

CORPORATE POLICY AND PROCEDURE



POLICY	General Reserve and Reserve Fund Policy
CATEGORY	Finance
AUTHORITY	Council
RELATED POLICIES	Investment Policy, Debt Policy, Capital Renewal Reserve Fund Policy, DC Exemption Policy
APPROVED BY	Council
EFFECTIVE DATE	September 25, 2017
REVISION DATE	Within each term of Council

PURPOSE

Policy Statement

It is the policy of the City of Guelph to:

- Establish reserves and reserve funds for planned future capital expenditures, unexpected events or extraordinary expenditures which would otherwise cause fluctuations in the operating or capital budgets;
- Manage reserves and reserve funds in a responsible manner; and
- Utilize reserves and reserve funds solely for their intended purpose.

Policy details

A financial reserve is a provision for an amount that is designated for a future purpose that extends beyond the current fiscal year. Reserves are established for a variety of purposes:

- to ensure the ongoing financial stability of the organization;
- to protect against known risks and unforeseen events;
- to provide for life cycle replacement of capital assets;
- to meet specific liabilities;
- to smooth expenditures which would otherwise cause fluctuations in operating or capital budgets;
- to provide for planned future expenditures and
- to provide a source of internal financing

The City of Guelph has a variety of reserves and reserve funds, both obligatory and discretionary, as outlined in **Appendix A: Reserve and Reserve Fund Policy Schedule**.

Definitions

Reserve means an allocation from net revenue at the discretion of council, after the provision for all known expenditures, as part of an overall strategy for funding programs or projects as set out in annual budget or budget forecast and is authorized under the provisions set out in the Municipal Act. Reserves have no reference to a specific asset, do not earn interest, do not require segregation and may be established for a pre-determined purpose.

Reserve fund means a fund with assets that are segregated and restricted to meet the purpose of the reserve fund. It is based on a statutory requirement or defined liability payable in the future and is usually prescriptive as to the basis for collection and use of monies in the fund. All interest earnings derived from reserve fund assets must remain and accumulate in that reserve fund. There are two types of reserve funds: obligatory and discretionary.

Obligatory reserve funds are created when a provincial statute requires that revenue received for specific purposes is segregated from the general revenues of the municipality. Obligatory reserve funds are to be used solely for the purpose prescribed for them by statute.

Discretionary reserve funds are created under the Municipal Act when Council wishes to earmark revenue to finance a future expenditure for which it has the authority to spend money, and to set aside a certain portion of any year's revenues so that the funds are available as required.

Deferred revenue means revenue that is considered a liability on the City's financial statements until, over time, it becomes relevant to current operations, such as a prepayment received from something that has not yet been provided. Deferred revenue is set aside in an obligatory reserve fund for a specific purpose by legislation, regulation, or agreement. Development charges and federal and provincial gasoline tax are examples of deferred revenue.

SCOPE

The General Reserve and Reserve Fund Policy applies to all departments and local boards of the Corporation of the City of Guelph.

ADMINISTRATION

Creation & Dissolution

Council approval must be established prior to the formation or dissolution of any reserve or a reserve fund. New reserves and reserve funds must have a Council approved policy that outlines the purpose, targets, funding sources and authorization. All proposed reserve and reserve fund policies must be reviewed by the Treasurer prior to seeking council approval to ensure the policy is in line with

current financial strategies, policies and procedures. Prior to creating a new reserve or reserve fund, it is recommended that a review of existing reserve or reserve funds be completed to determine if the goals and needs identified in the proposed reserve and reserve fund policy can be accommodated by an existing reserve or reserve fund.

Adequacy

The adequacy of an individual reserve or reserve fund shall be determined on a case-by-case basis, taking into consideration the purpose of the reserve and the magnitude and timing of all future commitments and projected funding sources. Appendix A: Reserve and Reserve Fund Policy Schedule prescribes the target balances for each reserve and reserve fund. If a reserve or reserve fund has exceeded the recommended target, the Treasurer will review the source of funding and consider transferring funds to areas where there is high need or high priority, subject to Council approval.

General corporate reserve and reserve fund targets:

- Total Operating Reserves as a percentage of Own Source Revenue: this indicator analyzes the health of the operating reserves by focusing specifically on the contingency reserves capered to own source revenues. The City's benchmark is 8%-10% based on a review of best practices. This ratio is calculated for the tax supported funds and the non tax supported funds.
- Debt to Reserve Fund ratio: This indicator provides a measure for financial prudence by comparing total debt to the total reserve balances. The current target identified in the Debt Policy is 1:1 (total debt outstanding should not exceed the total reserve and reserve fund balance)
- Liquid Assets to Total Reserves: This ratio compares the cash and investment balances to the reserve and reserve fund balances. This ratio indicates whether a City is managing total cash flow appropriately as reserve and reserve funds should have corresponding available assets. The target for this indicator is a minimum of 1:1 (total cash and investments to be at least equal to the total reserves and reserve funds).
- Capital Reserve Fund annual transfer targets: This indicator ensures that corporately, on an annual basis, the City is investing in infrastructure renewal as a primary corporate objective. The annual budget transfer to capital as approved through the operating budget shall be allocated as follows:
 - 80% to the infrastructure renewal reserve fund
 - 10% to the growth reserve fund
 - 10% to the city building reserve fund

Variation from this policy must be approved by Council.

Reserve and reserve fund balances can be increased through the following options:

- Contributions from the operating fund that are approved by Council through the annual budget process or through other in-year reports
- Yearend operating surplus allocations as recommended by the Treasurer and approved by Council

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- Returning surplus funds from capital projects or other operating budgets in accordance with the Policy
 - Donations/bequests/surcharges/fees/proceeds from sale of assets
 - Interest income earned on reserve fund balances

Reserve Fund Borrowing

Inter-fund borrowing between reserve and reserve funds is permitted, with the exception of the Obligatory reserve funds. Obligatory funds are not permitted to fund deficiencies in the reserves and reserve funds.

Short-term inter-fund borrowing is permitted to cover a reserve or reserve fund shortfall over a period of less than two years where;

- sufficient funding is available
- it is deemed appropriate by the Treasurer; and
- interest is paid annually on the borrowed funds where applicable

Long-term inter-fund borrowing is permitted over a period of greater than two years where;

- sufficient funding is available
- it is deemed appropriate by the Treasurer and,
- interest is paid annually on the borrowed funds
- there is a Council approved By-law

The *Development Charges Act 1997* permits inter-fund borrowing between DC reserve funds, provided that all amounts borrowed are repaid with a prescribed rate of interest.

External Debt supported with Reserve Funds

External debt and debt servicing costs shall be budgeted and paid from the operating fund. There are two exemptions to this rule:

- **Development Charge Reserve Fund:** Under the Development Charges Act, debt may be included as a capital cost to leverage development charge revenue while waiting for DC collections to catch up to growth-related spending. The DC debt related costs will be recovered from the appropriate DC reserve fund.
- **Cash in Lieu of Parkland Reserve Fund:** Historically, debt has been permitted for the purchase of parkland, but under this policy, new debt will be incurred and repaid through the operating fund in order to reduce the risk from future undetermined contributions

Authorization

The Treasurer is responsible for monitoring the status of reserves and reserve funds in accordance with the Council approved policy.

Utilization of funds from a reserve or reserve fund can be approved through the following options:

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- a) approved by Council through the annual budget process
 - b) approved by Council through a separate report/ Council resolution
 - c) any other means prescribed by the approved Reserve and Reserve Fund Policy

Council must approve the:

- establishment of new reserves and reserve funds
- closing reserves and reserve funds no longer required
- consolidation of reserves and reserve funds
- transfer funds to and from reserves and reserve funds as prescribed by Appendix A: Reserve and Reserve Fund Policy Schedule

The Treasurer will:

- recommend establishing, closing and consolidating reserves and reserve funds
- monitor the adequacy of reserve and reserve fund balances and report annually
- recommend and monitor target balances for reserves and reserve funds
- recommend transfers of funds to and from reserves and reserve funds
- manage the reserves and reserve funds in accordance with legislative requirements and the City's existing policies and corporate strategies
- determine the source of financing for the City's programs and capital works

Investment Income Earned on Reserve Funds

Reserve funds must be invested and done so in a manner that is in accordance with the City's approved Investment Policy. Investment income earned on the total cash and investment portfolio shall be credited to each separate fund in proportion to the amount invested from it. The investment income allocation shall be based on the average annual balance of the reserve fund calculated at year end at the average annual interest rate earned on the City's total cash and investment portfolio.

Contribution timing

Contributions from operating budgets to reserves shall be transferred to the reserve or reserve fund as a one-time transfer at the beginning of the year based on the approval of the City's budget. Contributions from reserves and reserve funds to capital or operating accounts shall be transferred at least semi-annually, upon completion of a project or as directed by Council.

Reporting

The status of the City's reserves and reserve funds will be communicated to Council, the public and the Ministry of Municipal Affairs and Housing through the following reports:

- A Reserve and Reserve Fund Statement detailing balances, transactions, funding status and commitments is required annually. It will identify risks, emerging issues and changes to relative legislation;
- Reserve and reserve fund balances, projected contributions and planned expenditures shall be presented with the annual budget;

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- Each year, in accordance with provincial legislation, the Treasurer will provide Council with a Development Charge Reserve Fund Statement with balances, expenditures, collections and transfers;
 - Each year, in accordance with provincial legislation, the Treasurer will provide Council with a Parkland Dedication Reserve Fund Statement with balances, expenditures, collections and transfers;
 - The City's annual audited Financial Statements and provincially mandated Financial Information Return

POLICY REVIEW

This policy is to be reviewed with every term of Council

The Treasurer has the authority to administratively amend Appendix A: Reserve and Reserve Fund Policy Schedule when deemed necessary. Administrative amendments authorized are:

- Updating Appendix A for Council approved changes, additions or deletions of individual reserve or reserve fund policies
- Updating Appendix A for refinement of the reserve and reserve fund targets as new and improved information becomes available through the Asset Management or other initiatives
- Updating Appendix A for the authorization language in the event of a corporate reorganization that changes the position titles referenced in the Policy

APPENDIX A: Reserve and Reserve Fund Policy Schedule

NAME	#	PURPOSE	TARGET BALANCE	SOURCE OF FUNDS	USE OF FUNDS	AUTHORITY/TIMING	
TAX SUPPORTED - RESERVES							
OPERATING							
CORPORATE	TAX RATE OPERATING CONTINGENCY	180	Provide cash flow, working capital, sufficient liquidity, offset extraordinary and unforeseen corporate expenditures. Mitigate fluctuations to the tax rate for planned one-time operating budget impacts.	8-10% of own source revenue less other tax-supported corporate operating contingency reserves. Reserve balance cannot fall below \$5 million in order to maintain sufficient corporate liquidity.	Council approved transfers from the operating fund and approved surplus allocations from the operating budget at year end.	To offset budget deficits arising from unforeseen, extraordinary, expenditures. To fund one-time operating budget impacts that would otherwise cause a tax rate fluctuation.	Council approved transfers during budget, in-year or end of year.
	COMPENSATION CONTINGENCY	131	Manage operating budget variances relating to employee benefits and other compensation related costs including: Medical / Dental benefits, Short Term and Long Term Disability, Severance, Employee Assistance Program (EAP), Arbitration related costs, Regulatory audit decisions, Joint Job Evaluation Committee, Pay Equity.	2.5% of total annual corporate salary and benefit budget.	Council approved transfers through budget and approved year end surplus allocations. Annual surplus from all employee benefits including severances, EAP, arbitration, grievances, regulatory decisions.	To offset budget deficits arising from compensation related costs including employee benefits, severances, EAP, arbitration, grievances, regulatory decisions or any other unforeseen one-time compensation related expenditures.	Council approved transfers at budget are estimates. Actual transfers will reflect real experience and approved by CAO & Treasurer. One-time unforeseen expenditure funding > \$100 thousand require Council approval.
	LIBRARY OPERATING CONTINGENCY	102	Mitigate fluctuations to the tax rate for planned one-time operating budget impacts. Offset extraordinary and unforeseen Library expenditures.	Not more than 5% of the Library annual operating budget.	Funds transferred in from Library Board recommended and Council approved surplus allocation.	To fund one-time, or unforeseen operating expenditures.	As recommended by the Library Board and approved by Council.
	POLICE OPERATING CONTINGENCY	115	Mitigate fluctuations to the tax rate for planned one-time operating budget impacts. Offset extraordinary and unforeseen Police expenditures.	Not more than 5% of the Police annual operating budget.	Funds transferred in from GPS recommended and Council approved surplus allocation.	To fund one-time, or unforeseen operating expenditures.	As recommended by the Guelph Police Services Board and approved by Council.
	ENVIRONMENT AND UTILITY CONTINGENCY	198	Offset the impact of volatile operating expenditures relating to energy, fuel, winter control and other weather related events and recyclables commodity prices.	Up to 50% of five year average hydro & winter control expense plus the difference between the high and low commodity proceed projections.	Council approved transfers from the operating fund and approved surplus allocations from the operating budget.	Funds used to offset, extraordinary and onetime operating costs relating to unforeseen price increases, legislation changes, weather events in excess of reasonable budget.	CAO and Treasurer approved transfers in year in accordance with the pre-approved purpose. Minimum claim of \$50 thousand required.
	SOCIAL HOUSING	208	As a result of provincial legislation, savings realized from exempting property taxes on social housing facilities shall be held and invested into future capital repairs of the housing stock. This reserve is for mitigating against extraordinary and unforeseen expenditures.	Not more than 10% of the Social Housing budget.	Council approved transfers from the operating fund and approved surplus allocations from the operating budget.	Funds used to offset extraordinary and one-time operating costs relating to the Social Housing program managed by the County of Wellington on behalf of the City.	Council approved transfers during budget, in-year or end of year.
	LEGAL/INSURANCE	193	Manage operating budget variances relating to external legal expenditures and settlements, large insurance claims, insurance deductible costs and other costs not recoverable through insurance (lost revenue, business interruption).	Average of the past five years legal and insurance claims.	Council approved transfers from the operating fund and budget surplus from external legal and insurance claim expenses.	Funds used to manage operating budget variances related to retaining outside legal support to assist the City at the Ontario Municipal Board, administrative tribunals and court proceedings, as well as insurance claim settlement, payment of insurance deductibles and funding of business costs not recoverable by insurance (lost revenues or business interruption costs.)	CAO and Treasurer approved transfers in year in accordance with the pre-approved purpose. Council approval for one-time expenditures > than \$100 thousand.

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	NAME	#	PURPOSE	TARGET BALANCE	SOURCE OF FUNDS	USE OF FUNDS	AUTHORITY/TIMING
PROGRAM SPECIFIC	ACCUMULATED SICK LEAVE (FIRE)	100	Accumulate funds over the service life of an employee to fund sick leave hours that are payable in the future.	Minimum = 95% of the Liability for Sick Leave.	Annual contribution from the operating fund based on the City's sick leave liability.	To pay sick leave liabilities as incurred, at retirement or termination, as defined by the collective agreement.	Council approved transfers at budget are estimates. Actual transfers will reflect real experience and approved by Treasurer.
	ACCUMULATED SICK LEAVE (POLICE)	101	Accumulate funds over the service life of an employee to fund sick leave hours that are payable in the future.	Minimum = 95% of the Liability for Sick Leave.	Annual contribution from the operating fund based on the City's sick leave liability.	To pay sick leave liabilities as incurred, at retirement or termination, as defined by the collective agreement.	Council approved transfers at budget are estimates. Actual transfers will reflect real experience and approved by Treasurer.
	HEALTH CARE SPENDING (FIRE)	103	Accumulate funds for the healthcare spending account of retired firefighters between the ages of 65 and 70.	No established target balance.	No established source of funds.	No established use of funds.	No established authority/timing.
	WSIB	330	Accumulate funds throughout the service life of an employee to fund the expected cost of WSIB claims.	Minimum = 25% of the WSIB Liability.	Contribution amount from operating fund accumulated on a per employee basis to reflect the estimated annual cost of the WSIB claims.	To fund WSIB claim payments.	Council approved transfers at budget are estimates. Actual transfers will reflect real experience and approved by Treasurer.
	PARAMEDIC RETIREMENT	338	Accumulate funds over the service life of an employee to fund the future cost of retirement benefits. Paramedic employees hired before July 1, 2010 receive a lump sum retirement benefit based on years of service.	Equal to the long term funding plan required to fund retirement payments over the remaining service life of the paramedics.	Contribution from operating fund accumulated based on a per employee basis to reflect future cost of the severance benefit.	To fund retirement and severance benefit payments as per the collective agreement.	Council approved transfers at budget are estimates. Actual transfers will reflect real experience and approved by Treasurer.
	ELECTION COSTS	195	Amortize the cost of a municipal election over four years, rather than funding the entire amount in the year of the election.	Prior election cost total plus accumulated annual inflation to be achieved by next election year.	Funds transferred in from an annual budgeted transfer from the Clerks Election operating budget.	Funds transferred out every four years to fund the cost of running the municipal election.	Council approved through annual Operating Budget or other in year Council report.
	WESTMINSTER WOODS	345	This reserve is required, as per the Licence Agreement (September 2006) between the City and Westminster Woods Ltd.	\$35,000	The reserve fund to be maintained by contributions from Westminster in accordance with an engineer's report every three years that estimates the cost for removal of the Works, restoration of the lands, plus a 10% contingency.	To cover the cost to remove the Works and restoration of the licensed lands or perform emergency repair of the Works on the Licensed Lands, at the City's discretion.	As approved by the DCAO of IDE in-year.
GENERAL FUND	AFFORDABLE HOUSING	119	To provide incentives to developers that encourage the creation of affordable rental units.	Funds required to support the Council approved Housing Affordability Strategy.	Funds transferred in from approved contributions from the City's annual operating budget.	Funds awarded to affordable housing projects that meet program requirements.	Council approved allocations to the reserve through annual budget. Use of funds approved by management in accordance with Council direction.
	REDEVELOPMENT INCENTIVES (3)	122	Incentive program aimed at encouraging redevelopment of brownfield sites, heritage sites and high density developments in the downtown.	Please see the TIBG fiscal impact schedule for the program funding requirements (based on committed and completed projects). Balance must be positive.	Funds transferred in from approved contributions from the operating budget.	Funds awarded to Council approved redevelopment projects within the downtown core. TIBGs paid out to each project over a maximum of 10 years and grant amount calculation based on incremental tax assessment.	Total program budget approved by council in April 2012. Management administers incentive grant payment funding in accordance with the Council approved program.
	DOWNTOWN IMPROVEMENT	194	Downtown CIP incentive program supports private sector investments in the form of façade improvement, feasibility studies and large scale renovations.	Reserve is intended to accommodate longer term grant commitments over a year end. There should be no uncommitted balance in the reserve.	Funds transferred in from the City's annual operating budget provision.	Eligible projects could receive: 50% Feasibility Study amounts up to \$5000; 50% Façade Improvement up to a maximum of \$10,000; and 30% capital cost of redevelopment to a maximum of \$120,000 per address.	Annual program allocation approved by Council through the Operating Budget. Eligible properties determined by GM Business Development.

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	NAME	#	PURPOSE	TARGET BALANCE	SOURCE OF FUNDS	USE OF FUNDS	AUTHORITY/TIMING
STRATEGIC	STRATEGIC INITIATIVES	179	Enable the development and execution of corporate initiatives.	No established maximum limit, reserve balance must be positive.	One time contribution of \$1.1 million in 2011.	Funds will be used for the exclusive purpose of financing initiatives identified in the City's Corporate Administration Plan.	Council approved through the Operating Budget or other in year Council report.
	TOURISM MUNICIPAL ACCOMODATIONS TAX	184	To fund tourism development programs and projects in accordance with the objectives as approved in report 2022-09.	No established maximum. Reserve balance must be positive.	Bylaw (2022) - 20691 Municipal Accommodation Tax collection net of administration costs.	Program and capital projects consistent with Attachment-1 of report 2022-09.	Capital and/or operating transfers will be approved by Council as part of budget. DCAO IDE and City Treasurer approval of in-year transfers in accordance with the pre-approved purpose/use.
	STRATEGIC PROPERTY	332	Manage funds restricted for the purpose of meeting the City's goals through strategic property decisions.	No established limit, reserve balance should be positive.	Primarily proceeds from sale of city-owned land, where it was not already previously budgeted as a revenue source. Other sources may include rental and lease income.	Funds can be used to advance strategic City goals through property transactions including but not limited to acquiring property that is strategic in nature and not for the sole purpose of providing City services, resourcing planning and studies, operating expenses resulting from land owned for strategic purposes, servicing land for the purpose of resale and repayment of debt issued for any of these purposes.	Recommendations endorsed by the internal Strategic Property Committee to Council for approvals through the Capital and Operating Budget or other in-year Council report. In-year use up to \$1.5 million, with approval from CAO and Treasurer, in alignment with delegated authority of property acquisition. Reporting to Council for any such use of reserve is required annually.
TAX-SUPPORTED - RESERVE FUNDS							
PROGRAM SPECIFIC	EVERGREEN DONATION BEQUEST	134	To fund future investment at the Evergreen Seniors Community Centre.	No established target balance.	No established source of funds.	No established use of funds.	No established authority/timing.
	MUSEUM DONATIONS (3)	135	Accumulate donations for the Civic Museum and McCrae house to be used for future operating or capital projects, including artifacts.	No established maximum limit, reserve balance must be positive.	Funds transferred in from private donations or bequests.	Funds transferred out for approved capital projects or operating expenditures relating to the Museums.	As approved by the DCAO of Public Services.
	TRANSPORTATION	164	To support the implementation of the TMP initiatives in support of Vision Zero.	No established maximum, reserve fund balance must be positive.	Net revenues collected from fines levied via red light cameras and automated traffic enforcement programs.	Budget approved expenditures that support the achievement of Vision Zero initiatives of the TMP, including both capital and operating investments with measurable impacts in reducing collision severity.	No established authority/timing.
	PUBLIC ART	356	Accumulate funds for the purpose of investing in public art.	No established maximum limit, reserve balance must be positive.	Council approved transfers from operating or funds transferred in from private donations.	To fund the acquisition and maintenance of public art.	Council approved through the Operating or Capital Budget or other in year Council report.
	COMMUNITY INVESTMENT	205	To fund the Community Investment Strategy (CIS).	No established maximum balance, reserve balance must be positive.	One-time transfers as approved by Council, and/or as approved through the operating budget.	Programs as identified in the 2019 updated CIS and associated temporary staffing.	DCAO and Treasurer approved in-year transfers in accordance with the pre-approved purpose/use. Council approval required for any other transfer.
	RENTAL PROPERTY	206	Accumulate funds from the lease and rental revenues generated from city-owned properties that will be used to fund maintenance those buildings.	No established maximum limit, reserve balance must be positive.	Proceeds from lease and rental agreements on corporate properties.	To fund facility maintenance requirements on corporate facilities that are leased or rented.	As approved by the DCAO of IDE in-year.
	LIBRARY BEQUESTS	138	To fund one-time library related capital or operating expenses.	No established maximum limit, reserve balance must be positive.	Funds transferred in from private donations.	Funds transferred out to fund library operating and capital expenditures.	As approved by the Library Board.
LIBRARY CAPITAL	157	To assist in financing the cost of construction, reconstruction or acquisition of Library assets.	No established maximum limit, reserve balance must be positive.	Council approved transfers from operating and proceeds of the sale from disposed Library assets.	To fund initiatives that support Library infrastructure, life cycle or expansion.	As recommended by the Library Board and approved by Council through the Capital Budget.	

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	POLICE CAPITAL	158	To assist in financing the cost of construction, reconstruction or acquisition of Police assets.	No established maximum limit, reserve balance must be positive.	Council approved transfers from operating and proceeds of the sale from disposed Police assets.	To fund initiatives that support Police infrastructure, life cycle or expansions.	As recommended by the Police Services Board and approved by Council through the Capital Budget.
	PARAMEDIC SERVICES PROVINCIAL CAPITAL	360	Funding from the Ministry of Health to support replacement of Paramedic capital assets.	No established maximum limit, reserve balance must be positive.	Annual provincial funding of depreciation, equal to 50% of prior years annual depreciation.	Fund up to 50% of lifecycle replacement of paramedic services equipment, vehicles and facility costs.	Council approval through the annual capital budget or other in year Council report.
	SLEEMAN CENTRE NAMING RIGHTS	162	To fund capital projects at the Sleeman Centre.	No established maximum limit, reserve balance must be positive.	Funds transferred in from the rights fee based on the naming rights and sponsorship agreement with Sleeman Breweries. (2007-2019)	To fund capital investments at the Sleeman Centre.	Council approved through the Capital Budget or by a DCAO and Treasurer in-year.
	SLEEMAN CENTRE	189	To fund non-lifecycle capital projects at the Sleeman Centre.	No established maximum limit, reserve balance must be positive.	A surcharge between \$.25 and \$1.5 is added to tickets sold for special events at the Sleeman Centre event and then transferred to the reserve.	To fund non-lifecycle capital projects.	Council approved through the Capital Budget or by the DCAO Public Services and Treasurer in-year.
	RIVER RUN	340	To fund capital projects at the River Run.	No established maximum limit, reserve balance must be positive.	A surcharge of \$1.75/ticket on tickets over \$10 is added to those sold for River Run Centre events and transferred to the reserve.	To fund non-life cycle capital projects relating to the River Run.	Council approved through the Capital Budget or by the DCAO Public Services and Treasurer in-year.
	TREE COMPENSATION	365	To accumulate funds collected under the Tree By-law (2010)-19058 or successor by-laws and finance tree planting activities in the City.	No established maximum limit. Reserve fund balance must be positive.	Fees collected under the City's Tree By-law (2010)-19058.	To fund tree planting costs.	Council approved through the budget or in-year Council report.
STRATEGIC	BROWNFIELD RENEWAL	155	Allocation of funds to manage liabilities associated with city-owned environmentally contaminated sites.	10% of the current outstanding liability.	Council approved transfer from operating fund.	Funds will be used to investigate, remediate and assess risk associated with city-owned contaminated sites and ensure potential risks to human and environmental health are managed appropriately.	Council approved in-year and through the Capital Budget.
	INFRASTRUCTURE RENEWAL	150	To provide funds for the replacement and rehabilitation of the City's infrastructure.	Annual capital transfer equal to 100 year average total tax supported asset replacement cost; Balance equal one year's worth of tax supported capital requirement based on ten year average. **To be further refined through the work of the Asset Management Office.	Council approved transfer from operating budget and the proceeds from the sale of vehicle and equipment assets.	Funds used to replace or renew existing infrastructure.	Council approved through capital budget or other in year Council report. Treasurer authority for annual transfers (inclusive of all capital tax funded reserve funds) of not more than 0.5% of annual tax supported capital budget for administrative purposes of closing capital projects.
	GROWTH	156	To provide funds to cover shortfalls in growth related capital funding relating to exemptions, reductions and limitations mandated by the Development Charge Act, 1997 and exemptions prescribed by the City's DC By-law.	25% of annual DC collections (based on three year average before exemptions).	Council approved transfer from operating fund.	To fund growth related capital costs not covered by development charges.	Council approved through capital budget or other in year Council report. Management authority of annual transfers not more than 0.5% of annual growth related capital budget for administrative purposes of closing capital projects.

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NAME	#	PURPOSE	TARGET BALANCE	SOURCE OF FUNDS	USE OF FUNDS	AUTHORITY/TIMING
SERVICE ENHANCEMENT	159	To fund enhancements to City assets that are non-growth related and not asset renewal, including those related to accessibility.	Average 10 year annual requirement.	Council approved transfer from operating fund.	Funds will be used for capital expenditures that enhance existing assets or introduce new assets relating to new services.	Council approved through capital budget or other in year Council report. Management authority for annual transfers (inclusive of all capital tax funded reserve funds) of not more than 0.5% of annual tax supported capital budget for administrative purposes of closing capital projects.
100RE	355	To provide funding for capital and operating projects that will enable the City to accomplish its stated goal of reaching 100% renewable energy usage by 2050.	Development of long-term target balance in process.	Budgeted transfers from operating and revenue generated from energy related activities.	Funds to be used for capital and operating expenditures that contribute to the goal of reaching 100% renewable energy by 2050.	Expenditures to be approved via the annual operating and capital budgets.
EFFICIENCY, INNOVATION AND OPPORTUNITY FUND	351	To provide funding for corporate investment opportunities that generate efficiencies and/or savings or avoided costs that may be repaid to the reserve in full or part over a period of time.	Minimum \$5 million.	Future contributions from ongoing Council approved transfers from the operating fund and project repayments for derived savings over an approved repayment term.	Funds to be used for the exclusive purpose of financing corporate efficiency investment priorities in accordance with the limitations set out in the policy (2017).	CAO and Treasurer approval of \$250 thousand annual projects based on an application process. Council approval of use over \$250 thousand annually.
NON-TAX SUPPORTED - RESERVE FUNDS						
OPERATING						
PROGRAM SPECIFIC	WATER OPERATING CONTINGENCY	To meet emergency and unplanned funding needs for Water Operations in order to avoid operating deficits or fluctuations in the rate.	10% of annual gross operating expenditures.	Funds transferred in from water operating surpluses.	Funds used to offset emergency or unplanned expenses relating to water operations.	Council approved at time of variance reporting and year-end.
	WASTEWATER OPERATING CONTINGENCY	To meet emergency and unplanned funding needs for Wastewater Operations in order to avoid an operating deficits or fluctuations in the rate.	10% of annual gross operating expenditures.	Funds transferred in from wastewater operating surpluses.	Funds used to offset emergency or unplanned expenses relating to wastewater operations.	Council approved at time of variance reporting and year-end.
	PARKING OPERATING CONTINGENCY	To fund emergency and unplanned operating costs in order to minimize fluctuations in the parking rate.	10% of annual gross operating expenditures before transfers to reserves.	Council approved transfers from operating budget and surplus allocations.	Funds used to offset emergency, unplanned or onetime expenses relating to parking operations.	Council approved through budget or other in year report.
	STORMWATER OPERATING CONTINGENCY	To meet emergency and unplanned funding needs for Stormwater Operations in order to avoid an operating deficit or fluctuations in the rate.	10% of annual gross operating expenditures.	Funds transferred in from stormwater operating surpluses.	Funds used to offset emergency or unplanned expenses relating to stormwater operations.	Council approved at time of variance reporting and year-end.
	COURT CONTINGENCY	To meet emergency and unplanned funding needs for Courts in order to avoid an operating deficit.	8 - 10% of City's share of Court's gross operating expenditures.	Funds transferred in from Courts annual operating surplus, if available.	Funds transferred out to assist with stabilizing the Courts annual operating budget.	Council approved at time of variance reporting and year-end.
CAPITAL						
WATER CAPITAL	152	To assist in financing the capital program for waterworks.	Annual capital transfer equal to 100 year average total waterworks asset replacement cost; Balance equal to the average 3% of total waterworks asset replacement cost. **To be further refined through the work of the Asset Management Office.	Council approved transfer from operating budget and the proceeds from the sale of vehicle and equipment assets.	To replace existing water infrastructure and invest in city building initiatives relating to water as well as provide funding for water growth related assets to offset DC exemptions incurred.	Council approved through capital budget or other in year Council report. Management authority for annual transfers of not more than 0.5% of annual water capital budget for the administrative purpose of closing capital projects.

APPENDIX A: Reserve and Reserve Fund Policy Schedule

	NAME	#	PURPOSE	TARGET BALANCE	SOURCE OF FUNDS	USE OF FUNDS	AUTHORITY/TIMING
PROGRAM SPECIFIC	WASTEWATER CAPITAL	153	To assist in financing the capital program for Wastewater.	Annual capital transfer equal to 100 year average total wastewater asset replacement cost; Balance equal to the average 3% of total wastewater asset replacement cost. **To be further refined through the work of the Asset Management Office.	Council approved transfer from operating fund and any uncommitted surplus from completed projects.	To replace existing wastewater infrastructure, invest in city building initiatives relating to wastewater as well as provide funding to wastewater growth related assets to offset DC exemptions incurred.	Council approved through capital budget or other in year Council report. Management authority for annual transfers of not more than 0.5% of annual wastewater capital budget for the administrative purpose of closing capital projects.
	STORMWATER CAPITAL	165	To assist in financing the capital program for Storm water.	Annual capital transfer equal to 100 year average total stormwater asset replacement cost; Balance equal to the average 3% of total stormwater asset replacement cost. **To be further refined through the work of the Asset Management Office.	Council approved transfer from operating fund and any uncommitted surplus from completed projects.	To replace existing stormwater infrastructure, invest in city building initiatives relating to stormwater as well as provide stormwater funding to growth related assets to offset DC exemptions incurred.	Council approved through capital budget or other in year Council report. Management authority for annual transfers of not more than 0.5% of annual stormwater capital budget for the administrative purpose of closing capital projects.
	PARKING CAPITAL	151	To assist in financing the capital program for Parking Services.	10 year average capital requirement.	Parking revenue.	To replace existing parking infrastructure and invest in City building initiatives relating to parking as well as provide parking funding to growth related assets to offset DC exemptions incurred.	Council approved through capital budget.
	COURTS CAPITAL	120	To assist in financing the capital program for the Provincial Offences Act (POA) Court operations.	Under review - to be based on the outcome of the Asset Management Plan work.	Council approved transfer from operating fund and any uncommitted surplus from completed projects.	To replace existing court infrastructure, invest in city building initiatives relating to the court and to contribute funding to court growth related assets for DC exemptions incurred.	Council approved through capital budget or other in year Council report. Management authority for annual transfers of not more than \$100 thousand for the administrative purpose of closing capital projects.
OBLIGATORY RESERVE FUNDS							
OBLIGATORY RESERVE FUNDS	PARKLAND DEDICATION	300	Created in accordance with subsection 42 (14) and (15) of the Planning Act for the purpose of requiring the payment of cash-in-lieu of conveyance of land for a park or other public recreation purpose.	2017 update to the City's Parkland dedication by-law will provide information needed to determine appropriate target.	Funds transferred in as collected from development/redevelopment, in lieu of the conveyance of parkland.	Funds transferred out for the acquisition of land to be used for park or public recreation purposes, as per the Planning Act-sec 42(15).	Council approved through capital budget or other in year Council report. Management authority for annual transfers of not more than \$100 thousand for the administrative purpose of closing capital projects.
	DOWNTOWN PARKLAND DEDICATION	301	Created in accordance with subsection 42 (14) and (15) of the Planning Act for the purpose of requiring the payment of cash-in-lieu of conveyance of land for a park or other public recreation purpose in the downtown.	25% of the planned parkland purchase cost in accordance with the Downtown Secondary Plan.	Funds transferred in as collected from development in lieu of the conveyance of parkland in the downtown.	Funds to be transferred out to purchase additional parkland in the downtown, in accordance with the Planning Act sec 42 (15).	Council approved through capital budget or other in year Council report. Management authority for annual transfers of not more than \$100 thousand for the administrative purpose of closing capital projects.
	COMMUNITY BENEFIT CHARGE	302	To collect funds from the implementation of a CBC By-law.	No established maximum, reserve fund must be positive. Per legislation, 60% of funds must be allocated to approved projects.	Revenues collected from development in accordance with the CBC By-law.	Capital related expenditures as defined by the legislation and CBC Strategy.	No established authority/timing.

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	NAME	#	PURPOSE	TARGET BALANCE	SOURCE OF FUNDS	USE OF FUNDS	AUTHORITY/TIMING
CORPORATE	PARKING PAYMENT-IN-LIEU	303	Created in accordance with sub-section 40(3) of the Planning Act for the purpose of requiring the payment-in-lieu of parking for exemptions made in accordance with sub-section 40(1) and 40(2) of the Planning Act.	No established maximum. Reserve fund balance must be positive.	Revenues collected from Parking payment-in-lieu agreements executed under sub-section 40(2) of the Planning Act.	Parking capital related expenditures to invest in infrastructure to support growth and service enhancement.	Council approved through capital budget or other in year Council report. Management authority for annual transfers of not more than \$100 thousand for the administrative purpose of closing capital projects.
	HOUSING ACCELERATOR FUND GRANT	304	To fund the HAF program in accordance with the grant agreement.	No established maximum. Reserve fund balance must be positive.	HAF grant in accordance with the grant agreement.	Allowable uses of funds in accordance with the HAF grant agreement.	City Treasurer approval of transfers in accordance with the pre-approved purpose/use.
	PACE FUNDING	305	To record and track grant funding received from FCM and the disbursement of funds.	No established maximum limit. Reserve fund balance must be positive.	FCM as outlined in Report 2022-27.	To extend energy efficiency retrofit grants under the Guelph Greener Homes program and to cover the expenses of implementing and operating the program.	City Treasurer - approval of funding received, loans issued, and operating cost incurred.
	BUILDING FASTER FUND GRANT	306	To fund the BFF program in accordance with the grant agreement.	No established maximum. Reserve fund balance must be positive.	BFF grant in accordance with the with the grant agreement.	Allowable uses of funds in accordance with the BFF grant agreement.	City Treasurer approval of transfers in accordance with the pre-approved purpose/use.
	COMPLETE COMMUNITY CHARGE	307	For the provision of facilities, services and matters in exchange for a specified height or density of development under O. Reg. 173/16.	No established maximum limit, reserve balance must be positive.	Funds collected as a Complete Community Charge for Class 1, 2 and 3 permits under the Community Planning and Permit System By-law.	Provision of facilities, services and matters to support the growth-related costs of the capital infrastructure needs identified in the relevant Community Benefits Charge Strategy.	Council approved through capital budget or other in year Council report.
	CASH-IN-LIEU OF AFFORDABLE HOUSING	308	To hold funds collected through the Community Planning and Permit System by-law for the purpose of advancing affordable housing development in Guelph.	Funds required to support the Council approved Housing Affordability Strategy.	Funds collected as Cash-in-lieu of Affordable Housing under the Community Planning Permit System By-law.	Funds used for projects that directly contribute to units that support the Council approved Housing Affordability Strategy.	Use of funds approved through the budget process or other in year Council report.
	ALTERNATIVE FACILITIES, SERVICES AND MATTERS	309	For payment of cash-in-lieu for additional facilities, services and matters in exchange for a specified height or density of development under O. Reg. 173/16.	No established maximum limit, reserve balance must be positive.	Funds collected as Alternative Facilities, Services and Matters fees for Class 3 permits under the Community Planning Permit System By-law.	Provision of facilities, services and matters as outlined in provision 1.14.7 of the Community Planning Permit System By-law as amended from time to time.	Council approved through capital budget or other in year Council report.
	BUILDING SERVICES OBC STABILIZATION	188	As mandated by O.Reg.305/03 of the Building Code, a building services stabilization reserve fund is required for managing fluctuations in City building activity that may impact operations.	Between 100 and 150 per cent of prior year budget operating expenditures.	Funds transferred in from building service delivery surplus.	To cover shortfalls in building operations or applied to capital projects related to Building related services.	Use and authority as mandated by Provincial Legislation.
	DEDICATED GAS TAX	342	Monies received from the Provincial government that are to be used to support increased public transportation ridership and investments in the renewal and expansion of public transportation.	No established maximum limit, reserve balance must be positive.	Annual transfer from Government of Ontario from provincial gasoline tax based on a formula using annual ridership numbers.	Funds must be used for the provision of public transportation.	Council approved through capital budget or other in year Council report. Management authority for annual transfers of not more than \$100 thousand for the administrative purpose of closing capital projects.
	CANADA COMMUNITY-BUILDING FUND	343	Infrastructure construction, renewal or enhancement within 17 eligible categories.	No established maximum limit, reserve balance must be positive.	Annual transfer from the Government of Canada from federal gasoline tax based on a per capita basis.	Funds must be used for the construction, renewal or enhancement of capital assets within 17 categories established by the Government of Canada.	Council approved through capital budget or other in year Council report. Management authority for annual transfers of not more than \$100 thousand for the administrative purpose of closing capital projects.

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FEDERAL PUBLIC TRANSIT	344	To fund the Safe Restart Transit program in accordance with the grant agreement.	No established target balance.	No established source of funds.	No established use of funds.	No established authority/timing.
COMMUNITY PARAMEDICINE	348	To hold the funds received from the Province for the community paramedicine program in advance of them being utilized.	No established target balance.	No established source of funds.	No established use of funds.	No established authority/timing.
PACE LOAN LOSS PROVISION	362	To set aside funds from FCM grant to cover any future potential losses arising from loans made to participating property owners through the Guelph Greener Homes Program.	Five per cent of the total dollar amount of outstanding principal of loan issued by the City (Guelph Greener Homes Program).	FCM and City portion as outlined in Report 2022-27.	To recover losses incurred at any time during the repayment term of the loan issued to property owners.	City Treasurer - from September 2023 until the date all loans issued under the program are fully paid.
DEVELOPMENT CHARGES	311 to 329 and 364	As prescribed by the <i>DCA, 1997</i> , reserve funds are used to facilitate the collection of development charges from growth within the City and the funding of capital infrastructure required to accommodate that growth.	Reserve fund balance must be zero by build out and debt interest cannot exceed 20% of annual DC revenues.	Funds transferred in as collected from developers.	Funds transferred out for the growth-related component of projects identified in the Development Charges Background Study.	Council approved through capital budget or other in year Council report. Management authority for annual transfers of not more than 0.5% of annual growth funded capital budget for the administrative purpose of closing capital projects.