



City of Richmond

Report to Committee

To: Finance Committee

Date: September 29, 2022

From: Ivy Wong
Acting Director, Finance



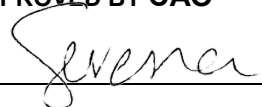
File: 99-LAW/2022-Vol 01

Re: Establishment of New Utility Reserve Funds

Staff Recommendation

That the Flood Protection Reserve Fund Establishment Bylaw 10403, the Sanitary Sewer Reserve Fund Establishment Bylaw 10401, the Water Supply Reserve Fund Establishment Bylaw 10402 and the Solid Waste and Recycling Reserve Fund Establishment Bylaw 10417 be introduced and given first, second and third readings.

Ivy Wong, CPA, CMA
Acting Director, Finance
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REPORT CONCURRENCE		
ROUTED TO: Engineering Public Works Law	CONCURRENCE <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	CONCURRENCE OF GENERAL MANAGER  <hr/>
SENIOR STAFF REPORT REVIEW	INITIALS: 	APPROVED BY CAO  <hr/>

Origin

Section 188 of the *Community Charter* states that, a council may, by bylaw, establish a reserve fund for a specified purpose and direct that money be placed to the credit of the reserve fund.

This report recommends establishment of new utility statutory reserve funds for sanitary sewer works, water supply works and flood protection works.

This report supports Council's Strategic Plan 2018-2022 Strategic Focus Area #5 Sound Financial Management and #8 An Engaged and Informed Community:

5.1 Maintain a strong and robust financial position.

Analysis

In 2002, Bylaw 7361 reorganized the current utility statutory reserve funds to their current structure. Bylaw 7361 was subsequently replaced in 2004 by Bylaw 7812 with no changes to utility reserve funds at that time.

There are currently three utility reserves included in Bylaw 7812. The existing utility reserves and their purposes are:

- Drainage Improvement Reserve Fund (originally adopted 2000) – to accept contributions from the City for drainage infrastructure maintenance work and capital drainage projects.
- Sanitary Sewer Reserve Fund (originally adopted 1995) - to accept the transfer of funds from the Sewer Utility Operating Budget for the replacement/renewal of major sewer lateral works and for major sewer trunk/pump works.
- Watermain Replacement Reserve Fund (originally adopted 1995) - to accept the transfer of monies from the Water Utility Operating Budget for watermain replacement.

Section 189 of the *Community Charter* restricts the use of money in the reserve funds to only the purpose for which the fund was established, and only allows a transfer from a reserve fund if the amount in the reserve fund is greater than required for the purpose of the reserve fund.

Staff are not recommending altering the existing utility reserve funds as the current purpose for each are still applicable. The balances in each of these reserves will be drawn down through future annual capital programs as approved by Council.

For administrative purposes, staff recommend three new utility reserve funds that will ultimately replace the current utility reserves once the balances in the existing reserves are fully utilized. Staff are additionally recommending the creation of a new utility reserve fund relating to solid waste and recycling as there has never previously been a reserve fund established for this purpose.

The new utility reserve names more clearly reflect the current Council approved utility programs and strategies. The new reserve purposes are better defined to include all associated infrastructure and property including, but not limited to supporting land acquisitions and

improvements and maintenance, vehicles and equipment, information technology, buildings and facilities, and any other property and capital costs that support the utility.

The recommended new utility reserve funds which allow for long-term planning and continued incorporation into the annual utility rates set by Council are:

- Flood Protection Reserve Fund,
- Sanitary Sewer Reserve Fund,
- Water Supply Reserve Fund, and
- Solid Waste and Recycling Reserve Fund.

Financial Impact

None.

Conclusion

The recommended reserve establishment bylaws for the Flood Protection Reserve Fund, Sanitary Sewer Reserve Fund, Water Supply Reserve Fund and Solid Waste and Recycling Reserve Fund reflect the current utility programs and their purposes.



Cindy Gilfillan, CPA, CMA
Manager, Financial Reporting
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**Flood Protection Reserve
Fund Establishment Bylaw No. 10403**

WHEREAS:

- A. Section 188(1) of the *Community Charter* authorizes Council to establish a reserve fund for a specified purpose and direct that money be placed to the credit of the reserve fund;
- B. Council wishes to establish a reserve fund for the purposes described in this bylaw;

The Council of the City of Richmond enacts as follows:

1. The Flood Protection Reserve Fund is hereby established.
2. Any and all amounts in the Flood Protection Reserve Fund, including any interest earned and accrued, may be used and expended solely for the purposes of flood protection works and associated infrastructure and property, including, but not limited to supporting land acquisitions and interests, capital improvements and maintenance, vehicles and equipment, information technology, buildings and facilities, and any other property and capital costs that support the utility.
3. If any section, subsection, paragraph, clause or phrase of this bylaw is for any reason held to be invalid by the decision of a court of competent jurisdiction, such decision does not affect the validity of the remaining portions of this bylaw.

4. This Bylaw is cited as **“Flood Protection Reserve Fund Establishment Bylaw No. 10403”**.

FIRST READING

SECOND READING

THIRD READING

ADOPTED

MAYOR

CORPORATE OFFICER





**Sanitary Sewer Reserve
Fund Establishment Bylaw No. 10401**

WHEREAS:

- A. Section 188(1) of the *Community Charter* authorizes Council to establish a reserve fund for a specified purpose and direct that money be placed to the credit of the reserve fund;
- B. Council wishes to establish a reserve fund for the purposes described in this bylaw;

The Council of the City of Richmond enacts as follows:

1. The Sanitary Sewer Reserve Fund is hereby established.
2. Any and all amounts in the Sanitary Sewer Reserve Fund, including any interest earned and accrued, may be used and expended solely for the purposes of sanitary sewer works and associated infrastructure and property, including, but not limited to supporting land acquisitions and interests, capital improvements and maintenance, vehicles and equipment, information technology, buildings and facilities, and any other property and capital costs that support the utility.
3. If any section, subsection, paragraph, clause or phrase of this bylaw is for any reason held to be invalid by the decision of a court of competent jurisdiction, such decision does not affect the validity of the remaining portions of this bylaw.

4. This Bylaw is cited as “Sanitary Sewer Reserve Fund Establishment Bylaw No. 10401”.

FIRST READING

SECOND READING

THIRD READING

ADOPTED

MAYOR

CORPORATE OFFICER





**Water Supply Reserve
Fund Establishment Bylaw No. 10402**

WHEREAS:

- A. Section 188(1) of the *Community Charter* authorizes Council to establish a reserve fund for a specified purpose and direct that money be placed to the credit of the reserve fund;
- B. Council wishes to establish a reserve fund for the purposes described in this bylaw;

The Council of the City of Richmond enacts as follows:

1. The Water Supply Reserve Fund is hereby established.
2. Any and all amounts in the Water Supply Reserve Fund, including any interest earned and accrued, may be used and expended solely for the purposes of water supply works associated infrastructure and property, including, but not limited to supporting land acquisitions and interests, capital improvements and maintenance, vehicles and equipment, information technology, buildings and facilities, and any other property and capital costs that support the utility.
3. If any section, subsection, paragraph, clause or phrase of this bylaw is for any reason held to be invalid by the decision of a court of competent jurisdiction, such decision does not affect the validity of the remaining portions of this bylaw.

4. This Bylaw is cited as **“Water Supply Reserve Fund Establishment Bylaw No. 10402”**.

FIRST READING

SECOND READING

THIRD READING

ADOPTED

MAYOR

CORPORATE OFFICER

CITY OF RICHMOND
APPROVED for content by originating

APPROVED for legality by Solicitor
ACI



**Solid Waste and Recycling Reserve
Fund Establishment Bylaw No. 10417**

WHEREAS:

- A. Section 188(1) of the *Community Charter* authorizes Council to establish a reserve fund for a specified purpose and direct that money be placed to the credit of the reserve fund;
- B. Council wishes to establish a reserve fund for the purposes described in this bylaw;

The Council of the City of Richmond enacts as follows:

1. The Solid Waste and Recycling Reserve Fund is hereby established.
2. Any and all amounts in the Solid Waste and Recycling Reserve Fund, including any interest earned and accrued, may be used and expended solely for the purposes of solid waste and recycling works and associated infrastructure and property, including, but not limited to supporting land acquisitions and interests, capital improvements and maintenance, vehicles and equipment, information technology, buildings and facilities, and any other property and capital costs that support the utility.
3. If any section, subsection, paragraph, clause or phrase of this bylaw is for any reason held to be invalid by the decision of a court of competent jurisdiction, such decision does not affect the validity of the remaining portions of this bylaw.

4. This Bylaw is cited as **“Solid Waste and Recycling Reserve Fund Establishment Bylaw No. 10417”**.

FIRST READING

SECOND READING

THIRD READING

ADOPTED



MAYOR

CORPORATE OFFICER