



## REQUEST FOR DECISION

**MEETING DATE:** August 25, 2025

**TITLE:** CP-1064-25 - Reserves and Accumulated Policy Update

**DIVISION:** Corporate Services

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### SUMMARY:

Council's approval is needed for updates to the CP-1060-24 - Reserves and Accumulated Surplus Policy in order to enhance management of the City's reserves.

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### PROPOSED MOTION:

THAT Council approve the CP-1064-25 - Reserves and Accumulated Surplus Policy as presented.

### BACKGROUND / ANALYSIS:

The Reserves and Accumulated Surplus Policy establishes the framework for the creation, management, and use of municipal reserves. The following updates have been made:

- Interest allocations to interest bearing reserves will now be made monthly rather than quarterly to improve accuracy and timeliness.
- The interest rate applied will be based on the prevailing rate of high interest savings accounts available to municipalities.
- The Capital Projects Reserve has been designated as non-interest bearing to better reflect their purpose and usage. This will ensure purchasing power is retained within the Lifecycle Reserves to support the greater, long-term needs of the city. The Capital Projects Reserve is intended to support shorter term capital projects where the need is more emergent and therefore the funds are not expected to lose their purchasing power in the short term.

- The Land Reserve has also been designated as non-interest bearing to minimize the impact on the bottom line. While the City is not currently pursuing the purchase of additional land, the lack of available lands for future expansion and development and formulation of a land strategy may necessitate the need for increased investments. Administration will review the need and ability to make this reserve interest bearing at that time.
- A new clause has been added to ensure annual interest allocations do not exceed the City's annual investment income earnings.
- The Internal Borrowing section has been changed to reflect that interest will be paid on interest-bearing reserves borrowing only.
- The heading of Section 4.6 has been changed to better reflect the naming and intent of the policy.
- The wording in Section 4.6 (a)(iv) has been replaced to better explain what happens to unallocated surplus.
- In Schedule "A" - R4) Public Safety, reference to Automated Traffic Enforcement has been removed as the program has ended.
- In Schedule "A" - R8) Land, reference to the sale of recreation facilities in the Funding Source has been removed as these proceeds should be included as a funding source for the reserve.
- Various wording changes have been made throughout the policy to provide clarity, remove redundancy and ambiguity.

#### **OPTIONS / ALTERNATIVES:**

1. Refer the policy back to Administration for revisions.
2. Maintain the existing policy.

#### **CONSULTATION / ENGAGEMENT:**

n/a

#### **IMPLEMENTATION / COMMUNICATION:**

If approved, this policy will be posted to the City's website.

**IMPACTS:**

To improve fiscal discipline by ensuring that reserve interest distributions are sustainable and based on actual earnings, thereby reducing the risk of over-allocation.

**FINANCIAL IMPLICATIONS:**

The update to this policy will result in a decrease in the amount of interest transferred to the Land Reserve and to the Capital Projects Reserve. The total impact to the annual forecast will be an increase to the surplus of \$350,204 for the interest to the Land Reserve and \$162,937 for the interest to the Capital Projects Reserve. This will bring the projected annual surplus as presented in the 2025 Mid-Year Report from \$1,112,000 to \$1,625,141.

The proposed adjustments will remain in line with the City's 2025 approved budget.