

Municipality of Chatham-Kent

Finance, Budget and Information Technology Services

To: Mayor and Members of Council
From: Mike Turner CPA, CMA
Chief Financial Officer, Treasurer
Date: January 12, 2016
Subject: Reserves

Recommendations

It is recommended that:

- 1) The following recommended transfer of funds within the reserves be approved:
 - a) The 2015 ending balance in the Fuel Price Fluctuation Reserve be transferred to the Fleet Reserve, estimated at \$595,460.
 - b) The 2015 ending balance in the Council Strategic Directions Reserve be transferred to the new LED Lighting Reserve, estimated at \$643,524.
 - c) A portion of the 2015 ending balance in the Closed Session Reserve be transferred to the new LED Lighting Reserve, estimated at \$1,850,000.
 - d) The 2015 ending balance in the Senior Services Vending Machine Reserve be transferred to the Senior Services Operational Reserve, estimated at \$19,464.
 - e) The 2015 ending balance in the Capital Future Project Reserve be transferred to the Strategic Development Reserve, estimated at \$34,084.
- 2) The report and appendix be used as part of the 2016 budget documentation.

Background

Reserves provide stability for user rates and taxes and provide financial liquidity for fiscal requirements.

Reserves allow us to save for costly assets or infrastructure investments and replacements, which prevents us from needing to debt finance these items. It also ensures adequate cash flow for ongoing operations, protects our financial position and strengthens credit rating. Chatham-Kent has done a great job in managing its debt and reserve levels.

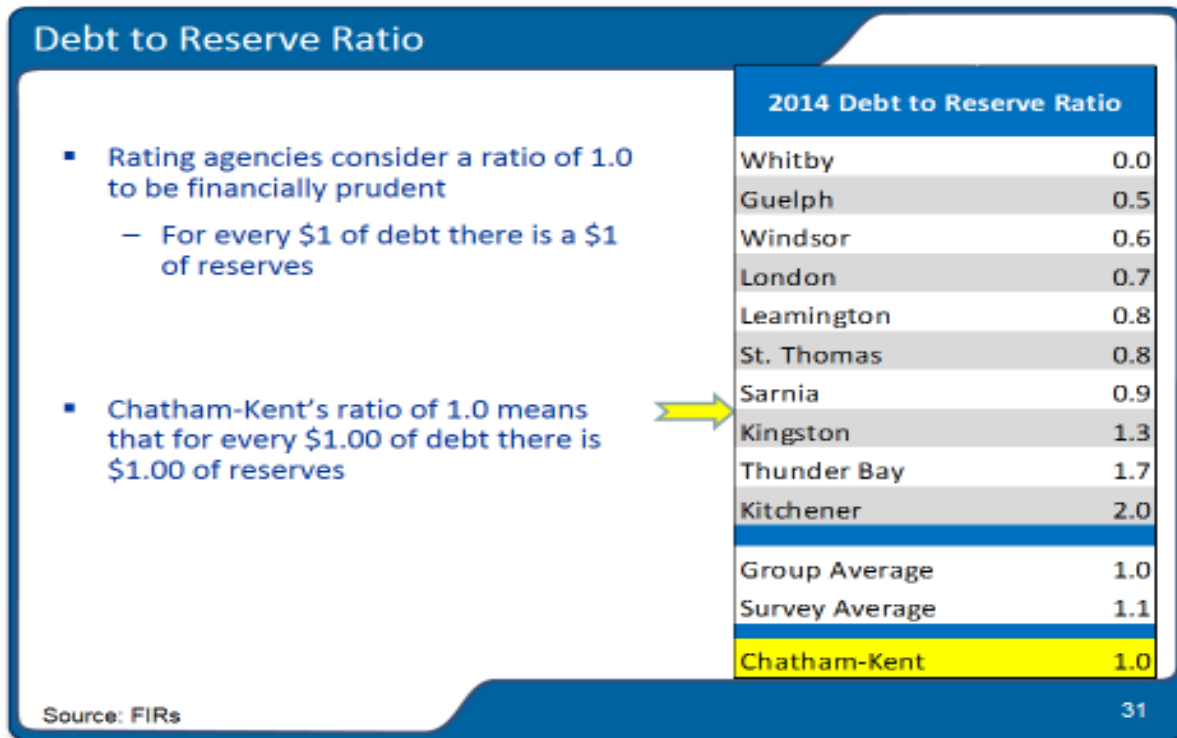
The 2015 and 2016 budgeted drawdowns were significantly higher than our contributions to those reserves. Contributions are generally from one-time sources, including any annual surplus. We must closely monitor the usage of our reserves going forward to ensure sustainability of the reserves and specifically target the strategic priorities, such as economic development with our use of reserves.

We have a number of Council previously approved drawdowns from reserves to fund ongoing operations. We have over \$1 million of items that must be recaptured in the 2016 budget and another \$2 million of items that have future year impacts.

Council is strongly encouraged to only use reserves to fund one-time expenses on a go forward basis.

BMA Study Commentary on Reserves

- Reserves are a critical component of a municipality’s long-term financing plan. The purpose for maintaining reserves is to:
 - Provide stability of tax and user rates
 - Provide financing for one-time or short term requirements
 - Make provisions for replacements/acquisitions of assets/infrastructure
 - Ensure adequate cash flows
 - Provide flexibility to manage debt levels and protect the municipality’s financial position



We have three categories of reserves, Mandated Reserves, Assigned Reserves and Lifecycle Reserves.

Mandated Reserves are when we have received or collected funding that must be used for very prescribed purposes. These could be funds received through bequests and fund raising efforts that are prescribed to a specific capital project. They could be funds that have been received from senior levels of government that have to be spent within the criteria that is outlined in the government program. Both Provincial and Federal gas tax funds have detailed criteria that details the type of projects Chatham-Kent is allowed to spend these funds on. All reserves in this category must only be spent on the prescribed projects.

The estimated balance after using 2016 draft budgeted items is \$11.7 million. This takes into account that the Federal Gas Tax funds are specifically committed to capital infrastructure work, although the funds may not have been spent at the time of this report.

Assigned Reserves are also amounts that are set aside for specific purposes, however, Council does have discretion on certain reserves to move the amounts for a different purpose, or has flexibility on the type of expenditure within the original prescribed criteria for the funds.

The total amount estimated to remain in the Assigned Reserves taking into account the draft budgeted 2016 uses and recommended reserve transfers is \$39.6 million. This contrasts with the year-end balance of the Assigned Reserves at the 2014 Audited Financial Statements which was \$57.1 million. The projected balance at the end of 2015 is \$45 million and the further additional recommended usage and transfers in 2016 brings the balance down to the estimated \$39.6 million. These reserves are critical to be used in funding one-time items in support of Council's Strategic Priorities.

Lifecycle Reserves are the critical funds to sustain our infrastructure, including facilities, parks and recreation, fleet, ITS software, hardware and networking solutions. It plays a critical component in our Asset Management Plan and managing debt levels.

These funds help support ongoing challenges in funding our infrastructure. During the budget deliberations and Council meetings, we will be providing additional information about the ongoing requirements for funding. Significant work has been completed in determining additional requirements for various asset classes. As the in depth analysis continues, it clarifies the need in supporting the funding required to meet our infrastructure needs. These lifecycle funds are a significant tool in achieving our asset management and helping to manage our debt levels.

The estimated 2016 ending balance of the Lifecycle Reserves is \$46.2 million. This takes into account that due to the lifecycle maintenance requirements of the asset groups not being fully funded, that the 2016 budget contributions will be fully used towards lifecycle maintenance in 2016. It also takes into consideration the recommended reserve transfers.

The table below is a high level summary of the various types of reserves.

Reserves	Estimated 2015 Year End Balance	Recommended 2016 Drawdowns	Estimated 2016 Balance	Estimated 2017-2021 Drawdowns
Mandatory	\$12,156,587	\$473,594	\$11,671,613	\$519,494
Assigned	\$44,952,555	\$4,726,438	\$39,630,657	\$4,048,271
Lifecycle	\$47,870,512	\$2,280,497	\$46,185,475	
Total	\$104,610,171	\$7,122,426	\$97,487,745	\$4,567,765

The 2017-2021 drawdowns are not shown for the Lifecycle Reserves. Due to their annual budgeted contributions, along with the current infrastructure deficit, it is assumed that there are significant projects to be spent from the reserved funds that will be used along with the budgeted funds, leading to future drawdowns on those reserves. The Estimated 2016 Balance column takes into consideration the recommended transfer of \$595,460 between the assigned and lifecycle reserves.

Reserve Transfers

A recommended transfer of the 2015 ending balance in the Fuel Price Fluctuation Reserve to the Fleet Reserve, to assist in the fleet infrastructure deficit and help reduce vehicle maintenance costs. The balance is estimated at \$595,460.

A recommended transfer of the 2015 ending balance in the Council Strategic Directions Reserve to the new LED Lighting Reserve. Estimated at \$643,524. The estimated costs for the LED lighting conversion is \$2.5M and this will have an approximate 5 year payback resulting from reduced energy and maintenance costs. IES is currently working on the business plan. The work will take place over the next 2-3 years.

A recommended transfer of a portion of the 2015 balance in the Closed Session Reserve to the new LED Lighting Reserve. The transfer would be to provide the balance of the \$2.5M required for the work to be completed. The estimate is approximately \$1.85 million.

A recommended transfer of the 2015 ending balance in the Senior Services Vending Machine Reserve to the Senior Services Operational Reserve. Estimated at \$19,464. This is to consolidate the two reserves. The Vending machine reserves has been inactive since 2011.

A recommended transfer of the remaining balance in the Future Capital Projects reserve to the Strategic Development Reserve of \$34,084. This is to consolidate the two reserves and provide additional funding in the Strategic Development Reserve.

A policy on **Reserve Management** will be brought forward in 2016.

There will be some additional transfer recommendations for Council to deliberate, when we bring forward the policy, which will take into account the final 2015 allocations and the 2016 Final Budget. There is the potential of further consolidation of reserves.

A couple of concepts that will be brought forward as recommendations for Council to consider in the policy are related to areas where we currently do not have base funding being allocated. The first recommendation will be related to facility replacement.

The lifecycle budget has been developed around refurbishing, repairing and maintaining facilities; however, there is not a specific budget for replacement of these assets. This reserve would provide Council with the means to ensure long-term vision is deployed and executed with critical decisions regarding the community. Certainly consideration should always be given to whether we need to replace the asset, or whether we can divest of it. The IES team is working with EMT on these types of discussions on an ongoing basis.

In those instances when Council believes a replacement is required, a phased in approach of creating a sustainable reserve for facility replacement would ease the burden of one time large expenses and provide the Municipality with the financial flexibility and decision making ability to determine when is the right time to replace a facility, rather than try to band-aid the solution.

The second concept would be for creating a reserve for new initiatives in the community. I have heard numerous times from various Councillors and members of the community of great ideas for the community and this will provide a source of funding on an ongoing and sustainable basis to be able to fund new projects to create a vibrancy and excitement in the community, while also enhancing many of our strategic goals. This initiative would be examined to determine how it would best work with our current Community Initiative Fund, Strategic Partnership Funding and Strategic Development Funds.

These new initiatives would contribute to and promote new jobs, attraction of both tourism and new residents as well as promote health. By funding this through pay-as-you go funding, it eliminates the increase in debt costs, which reduces the overall cost of the project and provides Council with the financial flexibility it needs to match with any senior level of government programs or, contribute to any community, not-for-profit or business initiatives. It allows Council to plan and forecast when these projects would be ready to be funded and helps build these into long-term master plans for the various departments.

Council Directions

The recommendations in this report support the following Council Directions:

Jobs:

Everyone in Chatham-Kent who wants to work is able to work in meaningful employment

People:

Chatham-Kent is a welcoming community where people choose to live, learn, work, and play

Health:

Chatham-Kent is a healthy, active, safe, accessible community within a healthy natural and built environment

Financial Sustainability:

The Corporation of the Municipality of Chatham-Kent is financially sustainable

Has the potential to support **all** Council Directions

Neutral issues (does not support negatively or positively)

Consultation

The FBIS Management Team and the Executive Management Team were consulted on the development of this report.

Financial Implications

The 2016 budget has a number of recommended drawdowns for one-time supplementary purchases from reserves. Administration will monitor reserve balances and make recommendations annually through budget variance reporting. In 2016 a Reserve Policy will also be brought forward that will contain recommended base budget funding of certain reserves.

Prepared by:

Mike Turner, CPA, CMA
Chief Financial Officer, Treasurer

Appendix: Summary of Reserves, December, 2015

c. Executive Management Team

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CHATHAM-KENT SUMMARY OF RESERVES

December 2015

Item #	Dept	Division	Details	Forecasted Dec 2015 Balance	2016 Recommended Transfers	2016 Draft Recommendations	Forecasted Balance	Comments	2017-2021	Comments
		Summan	Mandated	\$12,145,587	\$0	-\$473,974	\$11,671,613			-\$519,494
			Assigned	\$44,952,555	-\$595,460	-\$4,726,438	\$39,630,657			-\$4,048,271
			Lifecycle Program	\$47,870,512	\$595,460	-\$2,280,497	\$46,185,475			\$0
				\$104,968,654	\$0	-\$7,480,909	\$97,487,745			-\$4,567,765
MANDATED:										
Item #	Dept	Division	Details							
1	CD	Parkland - Planning Act requirement	Parkland funds are received when developers are required to pay under the Planning Act. The funds are to be used to purchase parkland or park assets.	\$159,919			\$159,919			
2	LEG	Planning - Brownsfield	2011, Municipal Leadership requirement Brownsfield projects (20% of approved tax deferral to be reinvested in future studies)	\$285,828			\$285,828			
3	CD	Recreation - Wheatley community pool	1998, community fundraising for pool \$285,000; 2005 approved \$240,000 for Wheatley Skateboard and Splashpad project	\$45,043			\$45,043			
4	HFS	Day Nursery (Chatham fundraising):	1998, fundraising and donations received for specific items - Children Services.	\$0			\$0			
5	HFS	Day Nursery (Wallaceburg fundraising):	1998, fundraising and donations received for specific items - Children Services.	-\$0			-\$0			
6	HFS	Children Services-Mitigation Plan	Established in 2014 from a one-time mitigation grant received from the Province to support CK's transition to the new funding formula for Children Services which resulted in a \$1.4M base reduction. \$4.9M received and \$1.5 used in 2013 and 2014 operations. The use of the funds are for prescribed purposes with reporting to the Ministry	\$3,564,887		-\$358,483	\$3,206,404	Tab 4 Item # 42 Year 1 of 2 phasing out Ministry program reduction Mar. 31/16 (related item #40). One time request of \$477,977 for existing service provider commitments to be funded from Mandated Children Services Mitigation Reserve #6		Item # 42 Year 2 of 2 phasing out Ministry program reduction Mar. 31/16 (related item #40). Balance of \$119,494 for existing service provider commitments to be funded from Mandated Children Services Mitigation Reserve #6, estimated for future programming
7	HFS	Social Housing - Investment in Affordable Housing (IAH)	Ministry funding allocated for administering the new (Ontario) Chatham-Kent Renovates Program (per RTC Jan/12)	\$704,597		-\$71,939	\$632,658	Tab 7a Item 50 Provincial announcement to extend Investment in Affordable Housing, Ontario Renovates for 6 additional years. Year 1 of 6, gross \$624,639, 100% Ministry funded (reserve #7)		
8	HFS	Housing Deliver Opportunity Ontario Renter (DOOR)	Grant received 2009, \$775,000. Allocations included in annual lifecycle program	\$62,700			\$62,700			
9	HFS	Social Housing - Ministry financial plan (Wallace St)	Outlined in RTC Dec/12 re sale of Wallace St unit in Wallaceburg. Ministry approved financial plan for 7 additional units within community to be funded over 10 years from established reserve on sale estimated to be \$290,000	\$261,451		-\$19,320	\$242,131	Tab 7a item 57 RTC Mar 26/12, Dec 10/12, Oct/14 sale of Wallace St unit, year 3 of 10 financial plan with Ministry to add 7 additional units within community. Funded from Wallace St. Reserve approved by Ministry re sale of Wallace St. (gross costs \$19,320) (Reserve Item#9)		

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10	IES	Infrastructure - Federal Gas Tax	Fed Gas Tax Funding began in 2005. The funds remaining in this reserve are set aside for bridge and roads infrastructure projects under construction. Subject to Federal audit guidelines	\$0			\$0			
11	IES	Transit	Conditional Provincial grant, 2008 - incremental service enhancement. Subject to Ministry audit guidelines	\$1,564,592			\$1,564,592			
12	IES	Transit - Provincial gas tax	Prov Gas Tax funding began in 2005. The funds can only be used to enhance transit services. Subject to Ministry audit guidelines	\$4,085,144			\$4,085,144			
13	LEG	Building Code Act:	Starting in 2005, Bld 124 requires any surplus from Building Permit fees over cost be set aside in this reserve fund. Funds can only be used for Building Inspection issues.	\$1,271,579		-\$24,232	\$1,247,347	tab 7a items 149 & 151 One time costs to install AVL units for building inspectors, Gross costs \$9,000, fund from Building Code Reserve item #13; One-time costs to move to in field tablets vs workstations for building inspectors, Gross costs \$15,232; fund from Building Code Reserve, item # 13		
14	LEG	Licensing	Bequest received in 2014 for Wallaceburg Animal Shelter	\$81,046			\$81,046			
15	Police	Police Services Board	Police Service Board's financial account. Agreement 2000 with municipality to administer funds	\$58,801			\$58,801			
TOTAL MANDATED:				\$12,145,587	\$0	-\$473,974	\$11,671,613			-\$519,494

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ASSIGNED:										
16	CD	Culture - Culture Action Teams & mapping	Council established 2008 from year end surplus. Part of the Cultural Master Plan established 5 action teams. \$20,000 to address special events and regional projects; \$10,000 to complete technical items of mapping project. \$11,930 utilized in 2010 & 2011 re action teams	\$0			\$0			
17	LEG	Planning Services - Community Improvement Plan	Program initiated 2004; budget allocations 2004 - 2010 \$1.7M.	\$3,860			\$3,860			
18	LEG	Building Enforcement & Licensing Services - building dept pre Bill 124	Established 2003, year end operating surpluses reserved for economic downturns (2003 to June 2005). In 2012, \$150,000 transferred to corporate project - Enterprise Resource System	\$250,500			\$250,500			
19	Corp	Insurance Risk	Council approved self insurance program. Annual report to Council of status of reserve and recommended balance.	\$1,858,043		-\$40,552	\$1,817,491	Tab 7a item 152 RTC Dec 7/15 contribution to Insurance Risk Reserve, less funding of .6 claims investigator.		
20	Corp	Property Dispositions	Council policy 2006, municipal property disposition proceeds reserved to be reinvested in CK property acquisitions	\$121,295		-\$100,000	\$21,295	Tab 7a item 38 Ministry of Environment requested work in Bothwell		
21	Corp	CASO Rail Trail	Established in 2012 as part of the agreement with Entegrus; special dividend paid for municipal operations of future trail development	\$403,200			\$403,200			
22	Corp	Community Partnership Fund	Program established 2002; annual allocation of grant, timing of commitments reserved prior to final settlement	\$0			\$0			
23	Corp	Utility Rate Fluctuation	Council established 2009 year end surplus for utilities. 50% reserved for energy conservation programs and 50% for utility rate stabilization. 2014 base budget collapsed and used to offset utility increases.	\$249,003			\$249,003	2016 Utilities Reserve drawdown due to above inflation increases, between Reserve 23 & 28		
24	Corp	Enterprise Resource Project	Nov 26/12 RTC, existing reserves for software development (finance, human resources, fleet, building) consolidated for corporate system implementation	\$825,470		-\$150,000	\$675,470	Tab 7 a item 137 2016 Project Delta costs- (reserve funding # 24)		Ongoing systems upgrade funding, staying current on supported software versions.

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25	Corp	Fuel Price Fluctuation	Council established 2009 year end surplus for fuel fluctuations. Current base budget is \$1.03 per litre (2015).	\$595,460	-\$595,460			Recommended Transfer to Reserve 92 Fleet \$0 Reserve for balance		
26	Corp	Future Capital Projects	Council approved reserve for 2013 St Clair College grant, \$1M allocated from 2013 operating surplus; 2015 Council recommended reserve be cleared to zero.	\$34,084	-\$34,084			Recommended Transfer to Reserve 32 \$0 Strategic Development Reserve for balance		
27	IES	Infrastructure Backlog	Council established in 2014 budget from a reallocation of existing reserves, \$7.8M to be used to address the bridge infrastructure deficit. Council approved in the 2014 budget reallocating \$600,000 to the operating budget to be repaid over 3 years (first 2 pymt from 2013/14 surplus)	\$5,800,588			\$5,800,588			
28	Corp	Energy Conservation	Council established 2009 year end surplus for utilities. 50% reserved for energy conservation programs and 50% for utility rate stabilization. 2014 base budget collapsed and used to offset utility increases.	\$125,018		-\$13,439	\$111,579	Tab 7a item 142 One time request for administrative staffing support to address building energy plans; 50% Federal subsidy (gross costs \$53,755; 1 FTE), recommend funding from Green Energy Reserve Item # 28, Council budget recommendation \$300K	-\$300,000	Council Recommendation, will need to be recaptured in 2017 budget
29	Corp	Grass Cutting Fluctuation	RTC 2012 grass cutting tender below existing budget, recommendation to reserve for seasonal fluctuations in cuttings	\$86,940			\$86,940			
30	HFS	Ontario Works - Corporate Initiatives	Established 2011 from one time monies allocated from departments for service delivery of Ontario Works. 2013 projects for Workplace Planning Board and Library connectivity; 2014 corporate related IT projects. Further recommendations to come forward at a later date.	\$3,377,680		-\$300,000	\$3,077,680	Tab 7a item 138 New program proposed for Chatham-Kent Renovates, pilot program yr 1 of 2, administered by Social Housing and Employment Services, recommend funding from DW Initiatives Reserve, item #30	-\$1,200,000	New program proposed for Chatham-Kent Renovates, pilot program yr 2 of 2, administered by Social Housing and Employment Services, recommend funding from OW Initiatives Reserve, item #30. Includes future years after pilot
31	CAO	Strategic Planning	Established in 2014 from prior years' encumbrances. To be used in the planning exercises with Council on strategic directions	\$82,101			\$82,101			

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32	Corp	Strategic Development	Established in 2000 from the previous year's year end surplus. The development of a strategic plan for Chatham-Kent was underway and the reserve was intended to capture existing one time funding opportunities to address initiatives identified by the plans and give Council funding opportunities for other strategic issues	\$2,379,150	\$34,084	-\$500,139	\$1,913,095	Recommended transfer from Reserve 26 Future Capital Projects Tab7a Item 73 funding support to host the 2018 International Plowing Match - RTC approved May 6, 2013 Year 3 of 5 2014-2018; Item 11 Interim Bd portion of New Financial Service Fee (not recovered in 2016) Item 26 Capital Theatre 2016, Item 75 WOWC and SWIFT Year 2 of 5, Item 117 International Hosting Fees for attracting foreign investment, Item 125 Fire Underwriters Survey - 3rd party one time costs to assess and validate fire vehicle standards and deployment (including tanker shuttle certification); Tab 6 Service Reductions related one-time costs items 25 Bothwell Arena, 20 Ridgeltown Youth Centre, 18 Bothwell Scout Hall and Item 22 Brunner Centre	-\$340,000	Yrs. 4-5 Plowing Match, Years 3 -5 WOWC and SWIFT
33	Corp	Council Strategic Directions	New 2011 budget, one time allocation of \$600,000 from lifecycle, 2011-2013. Reserve allocations for Capitol Theatre transition, Convention Centre - 2011 reopening, 2012-2014 operations	\$643,524	-\$643,524			Recommended Transfer to Reserve to be \$0 established for LED Lighting Reserve		
34	Corp	Workers Safety Insurance Board (WSIB) Risk Reserve	Council approved 2004 net savings from transfer to self insurance Schedule 2. Self insurance no longer in place, however, active claims require funding. Recommendations include an allocation from closed session reserve for 4 year funding requirement.	\$1,404,420		-\$239,415	\$1,165,005	Tab 7a item 25 Workplace Safety Insurance Board (WSIB) schedule 2 - ongoing claims and chronic cases, recommend funding from WSIB Reserve Item # 34	\$1,165,005	Workplace Safety Insurance Board (WSIB) schedule 2 - ongoing claims and chronic cases, recommend funding from WSIB Reserve Item # 34
35	FES	Ambulance - CK general	Established 2001 when service was downloaded and operating needs unknown. Reserve represents CK's portion of overhead allocation, \$80,000 annually	\$973,000		-\$228,000	\$745,000	Tab 7a New paramedic training equipment (gross costs \$100,000, funding recommendation from Ambulance Reserve, item #35, establishing lifecycle); One-time costs for Replacement of 4 power stretchers for EMS (Gross \$76,000, funding recommendation from Ambulance Reserve item #35); establishing lifecycle; Two additional defib units, funding recommendation from Ambulance Reserve item #35		
36	HFS	Health Unit - CK share of operations	Council established policy - Year end surplus, CK portion (25%)	\$501,780			\$501,780			

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37	HFS	Ontario Works - future economic downturns	Council established 1999 year end surplus Ontario Works. Reserve allocations to operations to fund increased caseloads (base budget recommends upload invest in caseload at 2013 levels; stalling funded at 2009 levels through this reserve)	\$5,015,354			\$5,015,354			
38	HFS	Senior Services - RVG Vending Machines	Reserve established pre amalgamation for replacement of vending machines. No activity since 2011	\$19,464	-\$19,464			Recommended Transfer to Reserve 39 \$0 Senior Service Operational		
39	HFS	Senior Services - operational	Council established policy (1999) - Final year end reconciliations with Province and operating surpluses 2007-2012	\$1,241,868	\$19,464	-\$37,019	\$1,224,313	Recommended Transfer from Reserve 38 Senior Service Vending Machine Tab 7a item 60 Client Case mix index @98.93% for Jan-Mar 2016 nursing envelope. Ministry adjusts rate April; base budget at 100%, recommend funding from RVG Operational Reserve # 39, Item 64 one-time leap year costs on per diem		
40	HFS	Senior Services - senior centre grant contingency	Core grant area - Senior Programs. Since 2002, year end balance reserved for year to year membership fluctuations	\$47,771			\$47,771			
41	HFS	Social Housing - operations	Council established 2001 with Province funds advanced on download \$600,000. Net year end operations 2002 - 2011 for both phase 1 and 2, less CK portion of Affordable Hsng project \$950,000	\$3,490,507			\$3,490,507			
42	Corp	Accessibility for Buildings	Council established 2008 from \$10M Investing in Ontario Provincial grant, \$500,000 for building accessibility. To date, allocations have been made to Bothwell Library, Council Chambers, Wallaceburg Senior Centre	\$215,727			\$215,727			
43	CD	Active & Healthy Communities	Council established 2008 from \$10M Investing in Ontario Provincial grant, \$1.5M over 2 years. Implementation reports to Council	\$572,503			\$572,503			
44	CD	Parks, Cemetery, Horticulture - Emerald Ash Borer	Council approved July 14/14 RTC Emerald Ash Borer compensations be used to leverage funding opportunities in support of the Natural Heritage Implementation Strategy	\$166,887			\$166,887		-\$132,796	Natural Heritage Strategy (Year 3 of 3); RTC July 14/14 (Gross costs \$132,796 per year;
46	IES	Reserve for Haul Road	Council approved 2011 as per Ridge Landfill Host Community Agreement (HCA) a provision to fund 10.4 km of road maintenance. Current budget provides for annual allocation from revenues received as part of HCA.	\$105,559			\$105,559			

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47	IES	Public Works - Winter Control	Council approved creation of reserve from 2006, 2011 and 2014 year end surplus. Base budget reduction of \$500,000 in 2013. Does not reflect 2015 activities (possible draw \$1.2M)	\$2,633,388		-\$6,920	\$2,626,468	Estimated Winter Control Deficit 2015 reduced from 2015 reserve balance. Tab 6 Service reduction related one-time costs items 24: PW support of Community Special Events		
48	IES	Recycling Reserve	Council approved 2011 accumulated recycling surplus from 2008 - 2011. One time funds may be required to address the upcoming new best practices. \$200,000 allocated to fleet area in 2012. 2013 Service Review recommended \$45,000 per year be allocated for marketing and promotion	\$758,193			\$758,193			
49	Police	Police - Mandatory Police issues	Council approved 2008 year end surplus for future mandated capital requirements, eg. Real-Time Identification Program	\$259,000			\$259,000		-\$130,000	Renovations for Dillon Rd. Municipal Building Traffic Office, 2017, Exterior Renovations, Storage Shed Dillon Rd. 2018
50	Police	Police - Business Plan	Council approved 2013 year end surplus for business plan needs with further implementation reports	\$551,599			\$551,599		-\$105,000	Drone (UAV) 2017-18, New range building
51	Police	Police - Communication Centre	Council approved 2010 budget for future communication centre upgrades	\$80,000			\$80,000			
52	Police	Police - closed session	Established in 2011 and 2012 as part of final year end surplus to be used to address Police closed session issues related to personnel, legal & property	\$147,071			\$147,071			
53	Police	Police - Lifecycle ITS, Communication, Quartermaster	Established in 2010 for lifecycle needs - ITS, Comm Centre, Quartermaster	\$228,544			\$228,544			
54	Police	Police Litigation	Council established 1998 annual budget provision \$108,000. Annual report to Council of claims/disbursements with insurance risk report. Does not reflect 2014 activities	\$505,598			\$505,598			
55	Police	Police - future benefits	Requested in 2015 budget to establish reserve for future health care benefits negotiated in collective agreement. Annual requirement estimate of \$76,000	\$76,000		-\$50,000	\$26,000	Tab 7a item 155 Establish business plan for 911 Evolution Network over next five years; Gross costs \$50,000; recommend funding from Health Care Reserve item #55		
56	Corp	Community Investment Fund	Council established during 2000 budget process to strategically utilize existing reserves and new income streams. Revenue streams include gaming revenues, waste host fees, hydro dividends and interest. \$5.2 M annually transferred to municipal operations. Annually reviewed with Council.	\$4,091,492			\$4,091,492			

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57	IES	Parking - Chatham Downtown	Established 1998 from former City of Chatham, for downtown Chatham Parking lot improvements. Year end operations transferred to reserve from the Downtown Chatham Parking Program. Outstanding review of operations being undertaken by Finance and Public Works	\$0			\$0			
58	Corp	Downtown Partnership Program	Council established 2008 from \$10M Investing in Ontario Provincial grant, \$500,000 allocated to new program to be leveraged with community partners, 2 yr program. RTC Aug 2011 allocated to projects. Unspent funds to be used for future initiatives	\$247,113			\$247,113			
59	FES	Ambulance - CK and Provincial share of operations	Established 2001, represents CK and Provincial portion of net operations pre 2009	\$786,767		-\$430,000	\$356,767	Tab 7a item 32 Replace 15 delibs from existing Ambulance Equipment Lifecycle Reserve, (reserve item #59), item 29 Support and Command Vehicle		
60	HFS	Senior Services - WSIB	Established 2013 budget for WSIB surcharges, 2013 final year refund reserved for future years' requirements	\$372,654			\$372,654			
61	IES	Municipal buildings - PABC	Council established 2008 from year end surplus to address a special assessment to CK's unit at Park Avenue Business Centre	\$117,636			\$117,636			
New	IES	Res LED Lighting	To be established from 2016 business plan on LED replacement	\$0	\$2,493,524	-\$2,500,000	-\$6,476	Recommended Transfer from Reserves 33 & 62 Strategic Directions and Closed Resession Tab 7a Supp Item 146 One-time cost projection for LED streetlighting conversion project. Currently working with Entegrus on business case, projected payback over 5 years. (recommend project funding from LED specific reserve)		
New	CD	Res Tourism	Council established 2014 from Tourism surplus to implement the Tourism Strategy	\$202,522			\$202,522			
62	Corp	Closed session - various property, litigation & labour items	Detailed presentations reviewed with Council	\$3,304,221	-\$1,850,000	-\$130,954	\$1,323,267	Recommended Reserve Transfer \$1.85M to LED Lighting Reserve Tab 7a Supp Item #28 SSRP Arena one-time costs, item #113 one-time costs mid year implementation Planning Services SSRP, item 119 one-time administrative support HROD Learning and Development		
TOTAL ASSIGNED				\$44,952,555	-\$595,460	-\$4,726,438	\$39,630,657			-\$4,048,271

CHATHAM-KENT SUMMARY OF RESERVES

December 2015

Item #	Dept	Division	Details	Forecasted Dec 2015 Balance	2016 Recommended Transfers	2016 Draft Recommendations	Forecasted Balance	Comments	2017-2021	Comments
New	CD	Res Columbaria	Established in 2012 from Columbaria Reserve to fund ongoing Columbaria capital requirements	\$66,110			\$66,110			
63	CD	Parks, Cemetery, Horticulture	Lifecycle - Community halls	\$282,755			\$282,755			
64	CD	Rec Facilities	Lifecycle - Recreation Arena	\$1,844,412			\$1,844,412			
65	CD	Parks, Cemetery, Horticulture	Lifecycle - Cemetery	\$121,958			\$121,958			
66	CD	Rec Facilities	Clearville Park	\$38,455			\$38,455			
67	CD	Rec Facilities	Lifecycle - Recreation Indoor Pools Replace	\$173,188			\$173,188			
68	CD	Parks, Cemetery, Horticulture	Lifecycle - Outdoor Pools and splashpads	\$191,171			\$191,171			
69	CD	Parks, Cemetery, Horticulture	Lifecycle - Parks	\$799,864			\$799,864			
70	CD	Parks, Cemetery, Horticulture	Lifecycle - Recreation Playground Replace/mtce	\$621,454			\$621,454			
71	CD	Rec Facilities	Recreation - other	\$68,145			\$68,145			
72	CD	Parks, Cemetery, Horticulture	Lifecycle - Reforestation	\$150,256		-\$132,796	\$17,460	Tab 7a Item Natural Heritage Strategy (Year 2 of 3); RTC July 14/14 (Gross costs \$132,796 per year;		
73	CD	Parks, Cemetery, Horticulture	Lifecycle - Trails	\$827,039			\$827,039			
74	LEG	Lifecycle - Elections		\$193,234			\$193,234			
75	CS	Info Tech	Lifecycle ITS - Computer Software	\$4,016,950		-\$1,606,214	\$2,410,736	Tab 7a item 136 2016-17 Project Delta System Optimization costs- for further discussion (reserve funding # 75), One-time project manager costs for Registration and booking system		
76	Corp	All Depts	Lifecycle - Computer Hardware	\$4,325,641			\$4,325,641			
77	CS	Info Tech	Lifecycle ITS - servers, printers, photocopiers, etc	\$452,608			\$452,608			
78	CS	Info Tech	Lifecycle ITS - Telecommunications	\$692,499			\$692,499			
79	HFS	Employment Services	Lifecycle - workstations (includes 50% ministry funding)	\$634,083			\$634,083			

CHATHAM-KENT SUMMARY OF RESERVES

December 2015

Item #	Dept	Division	Details	Forecasted Dec 2015 Balance	2016 Recommended Transfers	2016 Draft Recommendations	Forecasted Balance	Comments	2017-2021	Comments
								Tab 7a Item 55 One time costs to update Building Condition Assessments/Capital Reserve Fund Forecasts, Accessibility and Energy Audits, recommend funding from Social Housing Reserve item #80; Item 56 Housing Services Corporation to prepare an in-depth End of Operating Agreement/Mortgages and Ontario Housing Corp debenture federal funding for social housing AND to assist in administering RFP for BCA/CRF/Energy & Accessibility Updates funded from reserves #80; item 139 One-time costs to replace legacy Yard Enterprise software with Property Management software, recommend funding from Social Housing Reserve, item #80; item 140 Implement Asset Management Planner software (Reserve Item#80), item # 141 Summer Student to support above work demands		
80	HFS	Social Housing	Lifecycle-Social Housing Buildings	\$3,288,287		-\$407,875	\$2,880,412			
81	IES	Public Works	Lifecycle - Sidewalks	\$258,485			\$258,485			
82	IES	Engineering	Lifecycle - bridges	\$4,893,929			\$4,893,929			
83	IES	Engineering	Lifecycle - culverts	\$1,046,231			\$1,046,231			
84	IES	Municipal buildings	Building Lifecycle	\$906,895		-\$63,612	\$843,283	Annual requirement for technical staff, Building Compliance Coordinator, gross costs \$63,612; recommend funding from Building Lifecycle #84		
85	Corp	Capital	Approved capital projects not yet completed	\$9,354,387		-\$70,000	\$9,284,387	Urban assessment for projects completed in 2015 assessed in 2016 (area rated) (recommend funding from Capital Reserve #85)		
86	IES	Fleet equipment	Lifecycle - shop equipment	\$116,362			\$116,362			
87	IES	Public Works	Gravel pit	\$388,799			\$388,799			
88	IES	Public Works	Lifecycle - Railways Crossing	\$565,226			\$565,226			
89	IES	Public Works	Lifecycle- Storm Sewers	\$4,065,600			\$4,065,600			
90	IES	Public Works	Lifecycle - Streetlight Poles	\$192,904			\$192,904			
91	FES	Ambulance - fleet, equip, bldgs	Lifecycle - ambulance (includes 50% Ministry funding)	\$2,045,662			\$2,045,662			

CHATHAM-KENT SUMMARY OF RESERVES

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Item #	Dept	Division	Details	Forecasted Dec 2015 Balance	2016 Recommended Transfers	2016 Draft Recommendations	Forecasted Balance	Comments	2017-2021	Comments
92	IES	Fleet(Fire, Public works, other)	Lifecycle - fleet	\$99,480	\$595,460		\$694,940	Recommended Transfer from the Fuel Price Fluctuation Reserve # 25		
	IES	Fleet(Police)	Lifecycle - fleet	\$1,422,329			\$1,422,329			
	HFS	Res Senior Serv Capital Homes	Established in 2014 for Riverview Gardens Building and Property Maintenance	\$792,580			\$792,580			
	IES	Lifecycle-Parking Lots	Established in 2014 for Parking Lot maintenance	\$607,800			\$607,800			
	IES	Res Lifecycle Footbridges	Setup, but no allocations established yet	\$0			\$0			
	IES	Res Wind Farms - Road Restoration	Established in 2014 with Wind Farm Surplus and lifecycle budget to fund assessed damages related to road usage	\$34,261			\$34,261			
93	IES	Public Works	Lifecycle - roads	\$2,291,471			\$2,291,471			
TOTAL LIFECYCLE PROGRAM:				\$47,870,512	\$595,460	-\$2,280,497	\$46,185,475		\$0	