




Request for Decision

Title	Reserve Policy Amendment
Proposed Motion	That Council approve the amended Reserve Policy (<i>PLY_Reserve_Policy_2016</i>) as presented.
Administrative Recommendation	Administration recommends that Council approve the amended Reserve Policy to enhance financial transparency and accountability of Significant Tax Growth Revenues.
Previous Council Direction	<p>March 28, 2017 – Motion 131/17 That Council approve the Significant Tax Revenue Growth Policy.</p> <p>February 23, 2016 – Motion 304/16 That Council approve the Reserve Policy as presented.</p> <p>August 27, 2013 – Motion 360/13 That County Council approves the document titled “Summary of Fiscal Principles, Practices, and Policies” as the working document used to guide Administration in the planning and execution of County affairs as directed by Council.</p>
Report	<p><u>Background Information</u></p> <ul style="list-style-type: none"> The Reserve Policy was established to manage emergent or future financial needs, to stabilize tax rates, to reduce the need for debt financing and to set aside funds for the replacement of existing equipment, facilities and future projects. There are thirty-one (31) reserves under the revised policy. Each reserve type has a well-defined purpose and funding source(s). The original twenty-five (25) reserves were vetted with Council in 2016. The Significant Tax Revenue Growth Policy establishes priority areas for significant growth in tax revenues from industrial development. The Reserve Policy integrates with the fiscal framework approved by Council and is intended to enhance accountability and transparency and to guide strategic investments that could improve quality of life for residents.

- Significant tax revenue growth is fully allocated to the priority areas under the Significant Tax Revenue Growth Policy.
- The County will make annual allocations to these priority areas. Due to the size and scope of the anticipated projects and programs, annual allocations may not be fully utilized within the year.
- Creating additional reserves dedicated to priority areas under the Significant Tax Revenue Growth Policy will enhance financial management and accountability of significant revenue inflows to the County.
- There are eight proposed changes to the policy.
- These proposed reserves will align the Significant Tax Revenue Growth Policy to the Reserve Policy.
- Significant Tax Growth Reserve – Infrastructure - Significant tax growth revenue allocated to Road Infrastructure will be tracked in this reserve. Also, infrastructure projects that will be cancelled or completed under budget will remain in this reserve to fund other infrastructure projects under the Significant Tax Revenue Growth Policy.
- Heartland Mitigation Strategy Reserve - Revenue allocations to Heartland Mitigation Strategy Priority Area (through the Significant Tax Revenue Growth Policy) will be placed in this reserve. The reserve will be used for projects/initiatives that improve the quality of life of residents in the heartland area as approved by Council under the Significant Tax Revenue Growth Policy.
- Tax Stabilization Revenue - Revenue allocations to the Tax Stabilization priority will be placed in this reserve for future use.
- Service Level Increase Reserve - To provide funds for one-time enhanced and new services to residents resulting from implementation of projects or initiatives under the Significant Tax Revenue Growth Policy.
- Community Building Reserve - To provide grants to municipalities and community associations within the County for capital projects allocated through the Significant Tax Revenue Growth Policy.
- Offsite Recovery Reserve will also be created. Offsite levies paid by developers for offsite infrastructure front-ended by the County will be placed in the reserve. The reserve is intended for funding offsite infrastructure in the County.
- The scope of the Vehicle and Equipment Reserve (7.15) is expanded to include funding for emergency equipment rental and repairs in case of equipment breakdown. The scope of the Planning Reserve (7.9) is amended for clarity.

	<p><u>External Communication</u></p> <ul style="list-style-type: none"> • None. <p><u>Relevant Policy/Legislation/Practices:</u></p> <ul style="list-style-type: none"> • Significant Tax Revenue Growth Policy • Summary of Fiscal Principles, Practices and Policies
Implication of Administrative Recommendation	<p><u>Strategic Alignment:</u></p> <p>Sturgeon County is financially stable and fiscally responsible – A strong Reserve Policy will increase the financial stability and sustainability of Sturgeon County. An effective reserve policy can create a strong foundation to ensure funds are being used responsibly while increasing transparency within Sturgeon County.</p> <p><u>Organizational:</u></p> <p>The amended Reserve Policy provides the guidance to administration to manage the significant tax revenues and supports Council during deliberations to maintain the financial sustainability of Sturgeon County.</p> <p><u>Financial:</u></p> <p>Allocations to the Significant Tax Growth Priority Areas are approved by Council through policy and the County's annual budget. Unspent allocations at year-end will be transferred to the newly created reserves.</p>
Alternatives Considered	Maintain status quo – Not amending the Reserve Policy.
Implications of Alternatives	<p><u>Strategic Alignment:</u></p> <p>This does not align strategically with the goals of Sturgeon County.</p> <p><u>Organizational:</u></p> <p>No process would be changed with respect to reserves. There would be little to no direction on how to treat unspent funds allocated to Priority Areas without amending the Reserve Policy</p> <p><u>Financial:</u></p> <p>Without amending the Reserve Policy, there is lack of consistent direction for the application and use of unspent allocations.</p>
Follow up Action	1. The amended Reserve Policy will be used to guide reserve transfers from/to specific reserves on an annual basis.

Attachment(s)	<ol style="list-style-type: none">1. Reserve Policy - Amended2. Reserve Policy - Current3. Summary of Fiscal Principles, Practices and Policies4. Significant Tax Revenue Growth Policy
Report Reviewed by:	<div> Manager, Financial Services</div> <div> Rick Wojtkiw, GM Corporate Support</div> <div> Reegan McCullough, County Commissioner-CAO</div>

Strategic Alignment Checklist

Vision: Sturgeon County: a diverse, active community that pioneers opportunities and promotes initiative while embracing rural lifestyles.

Mission: Provide quality, cost effective services and infrastructure to meet the diverse needs of the Sturgeon County community, while improving competitiveness and sustainability.

Focus Areas	Not consistent	N/A	Consistent
Planned Growth and Prosperity			
<i>We encourage varied and integrated enterprises that enhance our strong economic base, while balancing the needs of the community and natural environment. (Strategic Plan and MDP pg. 36)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Supports a strong thriving business environment to strengthen our economic foundation 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Plans for responsible growth through the MDP and regional growth plan. 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Manages growth for current and future developments through: <ul style="list-style-type: none"> transparent bylaws, policies and processes to enable responsible land development targeting growth around existing and identified future growth areas 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Maintain and Enhance Strong Communities			
<i>We are committed to a safe and viable community, where our residents are provided with access to opportunities and quality of life. (Strategic Plan and pg. 27 MDP)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Provides access to programs and services that have a positive impact on residents' quality of life 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Provides access to safe and reliable infrastructure assets 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Supports the safety of people and property 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Strong Local and Regional Governance			
<i>We promote consistent and accountable leadership through collaborative and transparent processes (Strategic Plan and pg. 27 MDP)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Provides effective leadership and management consistent with Strategic Plan, MDP, master plans, bylaws, policies, community engagement 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Considers fiscal stability and sustainability 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Fosters collaborative intergovernmental partnerships 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Community Identity & Spirit			
<i>We will build upon our strengths, where together we will create an inclusive, caring community (Strategic Plan and MDP pg. 27)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Promotes and/or enhances residents' identification with Sturgeon County 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Support and/or collaborate with voluntary organizations in the region 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Environmental Stewardship			
<i>We foster a healthy environment and minimize our impact on ecosystems. (Strategic Plan and MDP pg. 27)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Plans and partnerships that minimize environmental impact on natural areas 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Provides awareness of environmental issues impacting the County 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>