

DATE: January 27, 2023

TO: MAYOR AND COUNCIL

NAME AND TITLE: Kris Dalio, Director of Finance and IT Services

SUBJECT: Reserve Bylaws

ATTACHMENT(S): None

RECOMMENDATIONS:

1. That Council GIVES FIRST THREE READINGS to “City of Prince George Canada Community-Building Fund Reserve Fund Establishment Bylaw No. 9379, 2023”.
2. That Council GIVES FIRST THREE READINGS to “City of Prince George Lease-In-Lease-Out Legacy Reserve Fund Establishment Bylaw No. 9380, 2023”.
3. That Council GIVES FIRST THREE READINGS to “City of Prince George Climate Action Reserve Fund Establishment Bylaw No. 9206, 2021, Amendment Bylaw No. 9381, 2023”.
4. That Council GIVES FIRST THREE READINGS to “City of Prince George Downtown District Energy System Reserve Fund Establishment Bylaw No. 9385, 2023”.

PURPOSE:

The purpose of this report is to obtain approval from Council to update a few of the City’s reserve bylaws for some minor housekeeping and name changes to better reflect current terminology

STRATEGIC PRIORITIES:

This report supports Council’s priorities of Sustainable Fiscal Management, Sustainable Infrastructure and Organizational Excellence.

BACKGROUND:

Bylaw 9379 – Canada Community-Building Fund Reserve Fund

This bylaw proposes to repeal “Community Works Fund Reserve Bylaw No. 7937, 2006” and replace it with “City of Prince George Canada Community-Building Fund Reserve Fund Bylaw No. 9379, 2023.”

The new proposed bylaw addresses the Government of Canada’s change to the name of the program that transfers federal gas tax revenues from the “Community Works Funds” to the “Canada Community-Building Fund” (CCBF). In addition to the name change, the bylaw also removes reference of being a “general operating revenue reserve fund”. The ways in which CCBF can be used for operating purposes is

highly restricted and conditional. Administration recommends referencing eligible expenses as whatever is defined in the agreement as an eligible project category.

Bylaw 9380 – Lease-In-Lease-Out Legacy Reserve Fund

This bylaw proposes to repeal “Terasen Reserve Fund Bylaw No. 7745, 2005” and replace it with “City of Prince George Lease-In-Lease-Out Legacy Reserve Fund Bylaw No. 9380, 2023.”

“Terasen Reserve Fund Bylaw No. 7745, 2005” was established to allow for the operating lease revenue from the lease-in-lease-out (LILO) agreement to pay the associated debt and potentially fund capital projects. Now that the LILO has concluded and the purchase option was exercised, the City has been left with a legacy.

The new proposed bylaw references only the remaining legacy and the proposed eligible use of funds of general capital projects or general debt financing charges.

Bylaw 9381 – Climate Action Reserve Fund

This bylaw proposes minor housekeeping amendments to “City of Prince George Climate Action Reserve Fund Establishment Bylaw No. 9206, 2021”. The existing bylaw references a specific provincial program that no longer exists called the Climate Action Revenue Incentive Program (CARIP). The City now receives funds through a program called the Local Government Climate Action Program (LGCAP). As name changes in grant funding programs are not uncommon, the proposed bylaw references grant funding generically received for the purpose of climate action instead of by a specific program name.

Bylaw 9385 – Downtown District Energy System (DDES) Reserve Fund

The DDES has not been able to generate an annual surplus before 2023 and the General Fund has been subsidizing DDES losses. With additional customers being added to the system as well as 2023 being the last year DDES is making debt payments on the initial investment into the system, the General Fund will no longer have to subsidize the DDES and will have its first expected operating surplus to contribute to a reserve fund. This reserve fund bylaw establishes the source of funds and the eligible use of funds for future needs of the DDES.

SUMMARY AND CONCLUSION:

Approving the bylaws associated with this report will improve our communication when referencing senior government grant programs and align the names of our reserves with their intended purposes. The new DDES bylaw establishes a reserve fund for future needs of the system.

RESPECTFULLY SUBMITTED:

Kris Dalio, Director of Finance and IT Services

APPROVED:

Walter Babicz, City Manager

Meeting date: February 6, 2023