

**DATE:** June 4, 2021

**TO:** MAYOR AND COUNCIL

**NAME AND TITLE:** Kris Dalio, Director of Finance

**SUBJECT:** Transit Operating Reserve Fund Establishment Bylaw

**ATTACHMENT(S):** None

**RECOMMENDATION(S):**

That Council:

1. GIVES FIRST THREE READINGS to “City of Prince George Transit Operating Reserve Fund Establishment Bylaw No. 9212, 2021”; and
2. APPROVES, subject to adoption of proposed Bylaw No. 9212, 2021, the transfer of any surplus in transit operating expenditures for the 2021 calendar year into the Transit Operating Reserve Fund.

**PURPOSE:**

This report is provided to Council to seek approval to establish a Transit Operating Reserve Fund.

**POLICY/REGULATORY ANALYSIS:**

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

**STRATEGIC PRIORITIES:**

The Transit Operating Reserve Fund Establishment Bylaw supports Council’s Priorities of “Sustainable Fiscal Management”, “Sustainable Infrastructure” and “Organizational Excellence”.

**OTHER CONSIDERATIONS:**

Since 2015, BC Transit has carried an operating reserve to help stabilize operational contributions across the province. Local Governments were billed according to the budget and then any difference between budgets and actuals at the end of the year were managed by the reserve account for each system.

The Province is reverting to paying BC Transit based on actuals rather than budget beginning in April 2021. This in turn, raised the question of whether local governments should be billed in the same manner. Based upon an internal review of options and feedback received, BC Transit has opted to bill on actuals as well and no longer hold a reserve.

What this means for the City of Prince George is that our remaining operating reserve will be fully utilized in the April 2021 - March 2022 fiscal year and the City will now be responsible to manage our own surpluses/deficits. Barring any significant differences from budget this year, the City should have a large surplus in this year of the Annual Operating Agreement as our reserve funds are credited to us.

Administration recommends that this year's anticipated surplus be credited to a new Transit Operating Reserve Fund so that in future years, we can manage potential expense volatility, such as the one experienced in fuel pricing. Going forward, any future year surpluses in transit operations would be credited to the balance of the reserve fund and the balance of the reserve fund would fund any future year deficits in transit operations.

**SUMMARY AND CONCLUSION:**

Administration recommends Council approve the establishment of the Transit Operating Reserve Fund by approval of "City of Prince George Transit Operating Reserve Fund Establishment Bylaw No. 9212, 2021".

**RESPECTFULLY SUBMITTED:**

Kris Dalio, Director of Finance

**APPROVED:**

Walter Babicz, Acting City Manager

Meeting Date: [2021/06/14]