

Council Information Request

Description	THAT Administration provide a report by the end of the first quarter of 2021 on the current utility reserves, including any information on the establishment of an optimal reserve level and how the reserve funds are allocated.
Date of request	November 30, 2020
Councillor	Councillor Delainey
Department / Division	Corporate Finance
Staff lead	Laura Probst

Response:

Information regarding the Utilities reserves is included in the Draft 2020 Annual Operating Surplus for Tax Purposes, Recommended Allocations and Reserve Transactions report. The following is a summary of the current balances and calculated optimal balances detailed in Enclosure 2:

	A = B + C	B	C		D	E = C - D
Utilities	Closing Balance Dec 31, 2020	Committed	Designated		Optimal Balance Dec 31, 2020	Variance to Designated
RU1 - Utility Rate Stabilization and Contingency	2,030,035	(217,871)	2,247,906		2,833,050	(585,144)
RU2 - Utilities Carry Forwards	100,000	(100,000)	-		-	
RU3 - Utilities Project Reserves	95,393	47,696	47,697		47,697	(0)
RU4 - Utilities Infrastructure Lifecycle, Maintenance and Replacement	56,213,870	6,996,908	49,216,962		79,500,000	(30,283,038)
RU5 - Utility Levy Debt Repayment	1,558,626	1,558,626	-		-	-
Total Utilities	59,997,924	8,485,359	51,512,565		82,380,747	(30,868,182)

Each reserve is supported with a detailed reserve description within the FIN-001-024: Financial Reserves policy (Enclosure 5 pages 19 thru 23) which includes the purpose of the reserve, the sources of funding, and guidance on the application or use of the reserve funds. The policy also provides the optimal balance formulas within Schedule A as follows:

Utilities Reserve Description	Optimal Balance Formula
RU1 - Utility Rate Stabilization and Contingency	5% of prior year's Utility operations expenses
RU2 - Utilities Carry Forwards	Not Applicable
RU3 - Utilities Project Reserves	Not Applicable
RU4 - Utilities Infrastructure Lifecycle, Maintenance and Replacement	5% of Utilities current asset replacement value
RU5 - Utility Levy Debt Repayment	Not Applicable