

Municipality Of Chatham-Kent

Finance, Budget, Information Technology & Transformation

Administration

To: Mayor and Members of Council

From: Gord Quinton, MBA, CPA, CGA
Chief Financial Officer / Treasurer /
GM, Finance, Budget, Information Technology & Transformation

Date: November 30, 2020

Subject: Reserve Housekeeping and Unfunded Capital Projects

Recommendations

It is recommended that:

1. Funds totaling \$18.5M from the Multi-Purpose Sports Complex reserve (17390) be transferred to the following:

Chatham Public Works Garage commitment	\$2,632,400
Backbone Fibre commitment	\$4,667,000
Disaster Mitigation Reserve (17395)	\$11,200,600

2. Funds totaling \$1.833M from the Romney Wind Farm funds parked in the Strategic Development reserve be transferred to the following:

Backbone Fibre Commitment	\$1,833,000
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3. Funds totaling \$1,500,000 be transferred from the Reserve for Employee and Labour Relations reserve (17196) to the Strategic Development Reserve (17266).
4. The following new lifecycle reserves be created:
 - LifeAMP – Traffic Opticom
 - LifeAMP – Mitchell's Bay Marine Park
 - Lifecycle – Customer Service Survey
5. Create a Mandated Reserve – OCIF (Ontario Community Infrastructure Fund), transfer \$850,223.92 to the new reserve from the LifeAMP Paved Roads reserve and allocate the annual OCIF funding budget to this new reserve.
6. Transfer \$91,500 of the annual operating budget for controlled traffic intersections to LifeAMP Traffic Signal.

7. Transfer \$305,845 of the annual operating budget for Traffic Contracts for painting to LifeAMP Paved Roads.
8. Transfer \$8,000 of the annual operating budget for opticon maintenance to the newly created LifeAMP – Traffic Opticom reserve.
9. Transfer the \$15,000 Customer Survey annual operating budget from Communications & Marketing to the newly created Lifecycle – Customer Service Survey Reserve.
10. Transfer \$100,000 from the base lifecycle budget to the newly created LifeAMP – Mitchell's Bay Marine Park Reserve.

Background

As per policy and for accounting and audit purposes, Council must approve all reserve transfers and the creation of any new reserves. This report is to clean up and structure the reserves as per current Council priorities and to fund 2020 unfunded capital commitments.

Comments

Council has committed to three major projects without allocating funding at the time of approval. This report provides funding from the \$18.5M Multi-Purpose Sports Complex reserve as there is no upper level funding prospects at this time. If upper level funding is committed in the future, Chatham-Kent can revisit reserves and/or issue debentures for its commitment.

Chatham Public Works Garage	\$2,632,400
Backbone Fibre commitment	\$6,500,000
Disaster Mitigation Funding	\$24,000,000

\$24M of Chatham-Kent funds are required over 2020-2029 for the DMAF (Disaster Mitigation and Adaptation Fund) program to obtain \$16M of Federal Funding. Transferring the \$11M+ to the DMAF reserve will allow the planning of capital projects to proceed as planned. The Public Works Garage and Backbone Fibre commitment will be distributed over the next 12 months.

Reserve analysis has identified that \$1.5M is no longer required in the Employee and Labour Relations reserve and can be transferred to the Strategic Development reserve for 2021 Budget and future Council commitments.

Three additional categories of Lifecycle assets have been identified to need their own Lifecycle reserves. The LifeAMP - Traffic Opticom and Lifecycle - Customer Service Survey reserves currently have budgets within the operating budget and it is recommended that these budgets be moved to the newly created lifecycle reserves to better match their purpose with consistent funding for variable annual purchases. LifeAMP Mitchell's Bay Marine Park reserve is recommended to be funded from the base lifecycle budget.

The Province requires the municipality to track the spending of the Ontario Community Infrastructure Fund and allocate interest to any balance at year end. To accommodate the mandated tracking administration is recommending the creation of the Mandated Reserve – OCIF.

It is recommended that the annual operating budget for traffic painting contracts be moved to the LifeAMP Paved Roads reserve. The costs being charged to the operating budget are lifecycle projects that are tendered by Infrastructure and Engineering Services. Costs vary depending on the number of kilometers each year.

It is recommended that the annual operating budget for controlled traffic intersections be transferred to the LifeAMP Traffic Signal Reserve. Similar to the above the costs being charged to the operating budget are lifecycle projects that are tendered by Infrastructure and Engineering Services.

Similar to above, it is recommended that the annual operating budget for opticom maintenance be moved to the newly created LifeAMP – Traffic Opticom Reserve. The annual budget is intended to maintain and upgrade the opticom system and annual costs vary.

The completion of a customer survey every four years was approved in the 2020 budget. An annual base contribution of \$15,000 was approved to pay for the \$60,000 survey every fourth year. To ensure that these funds are carried forward each year for their intended purpose, administration recommends the creation of a Lifecycle – Customer Service Survey account and the reallocation of the 2020 approved base funding of \$15,000 to this reserve.

Areas of Strategic Focus and Critical Success Factors

The recommendation in this report supports the following areas of strategic focus:

Economic Prosperity:

Chatham-Kent is an innovative and thriving community with a diversified economy

A Healthy and Safe Community:

Chatham-Kent is a healthy and safe community with sustainable population growth

People and Culture:

Chatham-Kent is recognized as a culturally vibrant, dynamic, and creative community

Environmental Sustainability:

Chatham-Kent is a community that is environmentally sustainable and promotes stewardship of our natural resources

The recommendation in this report supports the following critical success factors:

Financial Sustainability:

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

Open, Transparent and Effective Governance:

The Corporation of the Municipality of Chatham-Kent is open, transparent and effectively governed with efficient and bold, visionary leadership

Has the potential to support all areas of strategic focus & critical success factors

Neutral issues (does not support negatively or positively)

Consultation

EMT was consulted and agrees with funding current unfunded items with the \$18.5M of Multi-Purpose Sports Complex reserves.

Financial Implications

The recommendation funds current commitments of Council.

Prepared by:

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Attachments: none

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2020\RTC019 Reserve Housekeeping and Unfunded Capital Projects