

## Town of Onoway

### Request for Decision

Meeting:	<b>Council Meeting</b>
Meeting Date:	July 28, 2022
Presented By:	Tim Duhamel, Interim CAO
Title:	Establishment of Operating and Capital Reserves

#### **BACKGROUND / PROPOSAL**

During the 2022 capital budget process, it was necessary to collapse the Town's established operating in capital reserves to provide flexibility. This was to allow for a funding plan to be developed for the payment of certain contractual obligations that had been approved by the former CAO and Council part of the approval of the 2022 budget.

Administration is recommending the re-establishment of both operating and capital reserves.

#### **DISCUSSION / OPTIONS / BENEFITS / DISADVANTAGES**

The town currently has \$1,038,685 in general reserves with \$405,000 committed to 2022 budgeted contractual obligations. This leaves a balance of \$633,685 to be utilized for reserve re-establishment. This report details the re-establishment of both the operating and capital reserves. Administration recommends reserves be generalized to provide flexibility for operating and capital needs. Further, administration will conduct a reserve policy analysis that will include detailed reserve descriptions and procedures for use. At this time, administration recommends reserves be established as follows:

##### **Committed Reserves**

Onoway Regional Fire Services -	\$17,124
Parks (donation)	\$60,000

##### **Operating**

General and Specific Use	\$206,561
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(Inflation contingency, disaster mitigation, tax rate smoothing, service enhancement, CAO contingency, miscellaneous legal)

\*additional descriptions will be established with the reserve policy

##### **Capital**

General and Specific Use	\$350,000
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(infrastructure sustainability, utility infrastructure upgrades, asset maintenance, machining equipment replacement, engineering contingencies)

\* additional descriptions will be established with the reserve policy

**STRATEGIC ALIGNMENT**

Financial Sustainability

**COSTS / SOURCE OF FUNDING**

Source of funding is the general reserve that was created subsequent to the collapse of the former town reserves during the 2022 budget process.

**RECOMMENDED ACTION**

That council re-establish the operating and capital budget reserves as recommended by administration.