

District of Barriere

# REPORT TO COUNCIL

## Request for Decision

<b>Date:</b> August 18, 2025	<b>File:</b> 530.20/Rpts
<b>To:</b> Council	<b>From:</b> Chief Administrative Officer
<b>Re: Consolidation of Reserves</b>	
<b>Recommendation:</b> THAT Council instructs Staff to prepare a new Reserve Fund Bylaw as outlined in the report to meet the strategic objectives of Council AND THAT Staff present the Bylaw for consideration for first three readings at the September 15, 2025, Regular Meeting of Council.	

### Purpose

For Council to discuss a consolidation of reserve fund accounts and establishing an updated Reserve Fund Bylaw.

### Background

As part of the 2025 budget process, Council discussed in detail the various reserve and surplus accounts that the District has in place to fund various projects. During the discussions, it was noted that the current structure is not beneficial to the District as monies are held in accounts that are not necessarily considered critical when looking at the next 3-5 year window or even a 20-year long range forecast.

Subsequently, on April 14, 2025, Council consolidated all the surplus accounts into a single “General Surplus” account to provide for the District to adapt more quickly as needs arise.

Further, Staff also advised that, in consultation with the District auditors in 2024, it would be recommended to also try and phase out some historic reserve accounts this year to again align the municipality to the changing needs of today and tomorrow.

After some additional holistic research and keeping legislative requirements of the Community Charter S.188 and S.189 in mind, this report tries to outline the Current Structure, potential Reserve Strategies to follow, and a Proposed Reserve Structure going forward that would streamline the reserve funds to enable Council to fund critical capital projects over the next 5 years for the Fire department, and the Wastewater & Water utilities.

## Current Structure

The below table outlines the current reserve accounts that are in place, along with the estimated amount in each account to date. Some of these reserve accounts are established through a bylaw, six of which are District bylaws, while one is a TNRD bylaw. Staff also reviewed the need to maintain some of the reserve accounts and which ones could be removed or combined with others that serve a similar purpose.

Reserve Fund	Purpose	Current estimated amount	Is there a Bylaw in place?	Should there be a reserve account / bylaw?
Municipal Hall	Capital Expense for a new hall	\$336,469	Yes, 24	Yes, combined
Land	Land purchase	\$46,431	Yes, 28	Yes, combined
Parkland	Park land purchase	\$66,574	Yes, 192	Yes
Highway Rescue	Capital Expense for Hwy Rescue	\$696	No	No
Fire Department	Capital Expense for Fire Dept.	\$153,776	Yes, 27	Yes
Wildfire	Revenue savings	\$97,133	No	No
First Responders	To support First Responders	\$195	No	No
Roads	Capital expense for roads	\$83,521	No	Yes, combined
Highway Sign	Capital expense for highway sign	\$8,748	No	No
Environmental	Capital expense for solid waste	\$222	No	Yes, combined
Parks	Capital expense for parks	\$113,515	No	Yes, combined
Community Hall	Capital expense for community hall	\$19,911	No	Yes, combined
Louis Creek IP	Capital expense for LCIP	\$224,572	No	No
Community Works	As per funding agreement	\$81,900	No	Yes
Water	Capital Expense for Water	\$392,383	Yes, 26	Yes
Climate Action	As per funding agreement	\$109,556	No	Yes
Growing Communities	As per funding agreement	\$324,648	Yes, 241	Yes
DCC's	To fund capital improvements – highly regulated	\$46,834	Yes, TNRD	Yes
<b>TOTAL</b>		<b>\$2,107,084</b>		

In general, the District in the past established reserve accounts for very specific purposes, for example the “Highway Sign” or “Community Hall”. Although the intent was clear with providing a dedicated account to save up for eventual repairs or replacement needs (or constructing a new municipal hall for example), today, these individual accounts provide obstacles as Council and Staff try to navigate the challenges of Asset Management on a holistic, organization-wide level.

## Reserve Strategies

As with all businesses there are various different strategies on how to approach a challenge. In the District’s case, the challenge after being established in 2007 was clearly to build up reserves for individual purposes that were deemed critical at that time. Now that the District is established, and some assets that were handed over to the District from the Province, the TNRD, or the Improvement District are starting to age out. The community is growing, further putting pressure on resources, the Fire Underwriter Survey requires certain apparatuses in place, and federal, provincial, and health authority standards are ever evolving. However, the current reserve structure from above does not easily assist with a more critical risk focused approach while some reserve accounts contain much needed funds that are urgently needed in other areas.

In the past, for example a strategy for funding capital projects would have been: “We have \$113,000 in Parks, so what can we do with this for our parks this year, maybe we should re-do the bleachers?” – The bleachers may not have completely aged out yet, but the funds are available in the Parks reserve so let’s use them for something that relates to it.

Yet in today’s asset management reality, the question should be “Where is this \$113,000 needed the most? Could we use it to pay for our share of building the Wastewater Treatment Plant instead of taking on debt?” – In this scenario, the funds would go to the most critical item today, or it could be used to fund the next fire truck tomorrow, or a portion of the aging water main replacements.

Generally, Parks do not have expensive projects that are required, so the funds could be combined or pooled with other reserves. This would provide a much larger, flexible reserve, that could be used by Council for where it matters most each year during the budget cycle.

### **Recommendation – Proposed Reserve Structure**

At this point, it would be advisable for Council to consider changing the reserve account strategy to create a few specific reserve funds and establishing a shared General Reserve that would be able to be used for a multitude of projects in the coming years. If Council is agreeable to this, a single reserve bylaw should be drafted that combines all the District’s reserve accounts except for the Development Cost Charges (DCC) one. The DCC one has to remain independent at this time.

General Capital: This reserve would combine the Municipal Hall, Land, Highway Rescue, Wildfire, First Responders, Roads, Highway Sign, Environmental, Parks, and Community Hall accounts. 50% of the LCIP reserve was also included in this reserve.

Fire Department Capital: This reserve is recommended to continue for now; however, only funds from insurance proceeds like Fire Marque would be deposited into this account going forward.

Water Capital: This would include the Water and 50% of the Louis Creek Industrial Park (LCIP) reserves. The LCIP one was split into 50% General Capital and 50% Water for now. Council can change this at this stage. A full shift to General or Wastewater would see a decrease of roughly \$112,286 to this fund.

Wastewater Capital: currently there is no Wastewater reserve and costs related to wastewater have been covered by Surplus or other accounts in the past. It is highly recommended to establish this reserve at this stage and in the future consider a strategy for funding this reserve.

Transportation Infrastructure: This would be a new reserve as well. It is intended to collect funds over time from developers that wish not to provide parking (generally commercial developers in a commercial core or multi-family housing) and instead pay a fee to the District.

Park Land: Will remain as is, except for being governed by the new bylaw.

Community Works Fund: Will remain as is; however, will be governed by a bylaw now.

Growing Communities Fund: Will remain as is; however, although a bylaw existed, the funds were not allocated into a separate reserve fund within the finance software and instead were in Surplus. This process will correct this anomaly.

Climate Action: This was stored within Surplus previously and would now receive its own reserve.

DCC’s: Will remain as is with an independent bylaw.

The below table tries to highlight the various proposed reserve accounts and their intended purpose going forward, if approved by Council. Staff also listed the corresponding dollar amounts if the accounts are combined as listed on the previous page:

<b>Reserve Fund</b>	<b>Purpose</b>	<b>Estimated Amount</b>
General Capital	To fund General Fund capital projects as identified in Asset Management Investment Plans and annual budgeting, incl: - Facilities (includes buildings, municipal hall, parks, fire hall, etc.) - Machinery and equipment (includes fire trucks, fleet vehicles, generators, IT, etc.) - Roads - Acquisition of land	\$819,127
Fire Department Capital	To fund Fire Department capital projects as identified in Asset Management Investment Plans and annual budgeting, with funding provided from insurance proceeds	\$153,776
Water Capital	To fund Water Fund capital projects as identified in Asset Management Investment Plans and annual budgeting	\$504,669
Wastewater Capital	To fund Wastewater Fund capital projects as identified in Asset Management Investment Plans and annual budgeting	\$0
Transportation Infrastructure	To provide transportation infrastructure that supports walking, bicycling, public transit or other alternative forms of transportation	\$0
Park Land	To acquire Park Land – CC S.188 (2)(b)	\$66,574
Community Works	To account for funds received and used pursuant to the Community Works Fund Agreement, and to fund projects in compliance with acceptable uses as defined in the Agreement.	\$81,900
Growing Communities	To account for funds received and used pursuant to the British Columbia Growing Communities Fund (GCF), and to fund projects in compliance with the terms of the GCF Program.	\$324,648
Climate Action	To account for funds received and used pursuant to climate action and mitigation agreements, and to fund projects in compliance with acceptable uses as defined in the agreements.	\$109,556
DCC's	To fund capital improvements – as regulated through the LGA S.566	\$46,834
	<b>TOTAL</b>	<b>\$2,107,084</b>

## Summary

In summary, Council is reviewing a potential amalgamation of current reserve accounts and the creation of some additional ones that may be needed in the future, while also codifying some reserve accounts into a bylaw.

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## Benefits or Impact

### General

The proposed bylaw would consolidate reserve funds in alignment with Council's strategic objectives. This structure would also modernize financial processes and improve administrative efficiency.

### Finances

N/A

### Strategic Impact

Priority#2: Fiscally Responsible Operations

Goal 3. – Financial Confidence and Oversight are Rebuilt

Results: c. Financial Policies are presented for Council consideration.

### Risk Assessment

Compliance: Community Charter (CC) S.188 and S.189; Local Government Act (LGA) S. 525, S.566, Provincial Agreements regarding Community Works Fund, Growing Communities Fund, Local Government Climate Action Program

Risk Impact: Low – by implementing this change, Council would reduce potential risks in relation to funding agreements by outside agencies.

Internal Control Process:

Staff has discussed these changes with our Auditors and legal counsel. By rolling the dedicated Municipal Hall reserve into a General Capital purpose reserve that includes facilities such as a municipal hall, Council confirms that a municipal hall is not a current or short-term future need of the District. If expenses towards a municipal hall are required, the General Capital reserve would be utilized for such expense. Council further confirms that there is no immediate or short-term future need to acquire lands for the District and if required, the General Capital reserve would allow for such expense.

### Next Steps / Communication

- Draft Bylaw for presentation at the September 15, 2025, meeting for first three readings.
  - Final reading at the October 6, 2025 meeting.
  - Additional resolutions may be required by Council on October 6, 2025, in relation to the Municipal Hall and Land reserve bylaws that are proposed to be discontinued.
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## Attachments

- N/A

## Recommendation

**THAT Council instructs Staff to prepare a new Reserve Fund Bylaw as outlined in the report to meet the strategic objectives of Council AND THAT Staff present the Bylaw for consideration for first three readings at the September 15, 2025, Regular Meeting of Council.**

## Alternative Options

1. Council could choose not to make any changes at this time to the reserve account structure. This would create a higher risk level as some funds should have a bylaw to govern the reserve account in relation to outside funding agreements. It would also potentially hinder funding and delay critical projects.
2. Council could choose to combine funds in alternative ways, for example, move the LCIP funds to the Wastewater reserve or fully to the General reserve.

Prepared by:

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