

2019 Annual Reserve Report

Contact: June Schultz, Director, Financial Services

Prepared By: Jonathan Barks
Financial Analysis and Support Branch



BACKGROUND

Purpose of Reserves

Reserves are monies authorized by City Council to be set aside for future capital and operating needs. They are a key component of the City of Regina's long-term financial strategy, supporting the City's priority of achieving long-term financial viability as identified in *Design Regina - the Official Community Plan* (OCP). There are 19 reserves maintained by the City for four main purposes:

- **Asset management** - To support the sustainability of assets by providing for the renewal, major maintenance and replacement of existing capital assets. This enables the City to allocate future costs of assets to users to match revenues and expenses over the long-term.
- **Financial stability** - To smooth the financial impact of unplanned cost increases or revenue reductions, or to stabilize fluctuations on property taxation and/or other fees.
- **Financial flexibility** - To respond to or capitalize on opportunities that could impact services such as government matching grants, private sector partnerships or other alternative service delivery methods.
- **New capital acquisitions** - To fund new capital assets identified in the long-term corporate strategy to address community growth. This allows for the optimal use of debt to finance new capital projects that are not typically funded through Servicing Agreement Fees (SAFs).

Schedule A of the *Regina Administration Bylaw 2003-69* requires the Executive Director, Financial Strategy & Sustainability to submit an Annual Reserve Report to Council on or before September 30 of each year. The City's Reserve Policy specifies that the Annual Reserve Report should contain the following information:

- (a) A description of the purpose for each reserve and balance of each reserve as of the end of the previous year;
- (b) A list of reserves within and outside their minimum and maximum limits in comparison to their previous year's balance;
- (c) A description of additions or reductions to reserves in the previous year, including investments made from reserves with an explanation of the nature of the additions and reductions;
- (d) A five-year projection of each reserve;
- (e) Recommended transfers to and from the reserves set out in clause (b) that will bring these reserves within the minimum and maximum limits;
- (f) Where there are reserves that are to remain outside the range, a plan that sets out how these reserves will be replenished or reduced to the minimum and maximum limits;
- (g) Where the conditions in clauses (e) and (f) cannot be met, the report shall advise of the rationale for not replenishing or reducing the reserve balance;
- (h) Any annual changes to the minimum and maximum limit of the Solid Waste Reserve; and
- (i) A comparison of the City's reserve balance to other jurisdictions and best practices.

The purpose of this report is to address these requirements.

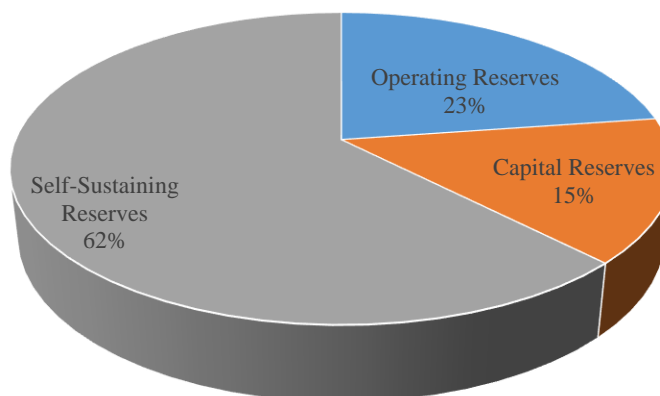
ANALYSIS

The 2019 Annual Reserve Report provides detail on each reserve held by the City of Regina and their balances as of December 31, 2019. The report also provides projected balances to 2024. Like all forecasts, the projected balances in this report reflect a point in time estimate and will change as new information and additional actions and Council decisions are made. In addition to ongoing decisions of Council, the financial impact of COVID-19 on the City are expected to be significant and potentially extend into 2022. Administration continues to analyze and monitor the situation, including possible impacts and opportunities as it relates to the City's reserves.

2019 RESERVE BALANCE

The City's overall reserve balance decreased by 8% from approximately \$187.7 million at the beginning of 2019 to \$172.7 million at the end of 2019, representing net investments in capital project of \$15 million from reserves. Breakdown of the reserve balance is as follows:

- Operating reserves (\$39.3 million) - account for 23% of the total reserve balance. These reserves are used to fund operating expenses for one-time projects; to stabilize operating budgets for unanticipated fluctuations in revenue or expenses; to comply with a contractual agreement; or for contingency funds for operational emergencies.
- Capital reserves (\$25.7 million) - represent 15% of the total reserve balance. Capital reserves are used to fund capital expenses.
- Self-sustaining reserves (\$107.7 million) - account for 62% of the total reserve balance. These reserves are used to fund both operating and capital expenses for activities that are treated as self-sustaining. Surpluses from these activities are typically retained in the reserves to offset any future deficits or fund planned future capital projects. The balance of the self-sustaining reserves is consistent with historical levels and is driven by the need to match revenues to planned future expenses.



Operating and capital reserves are funded through tax revenues while self-sustaining reserves are funded from external user fees and charges. Allocating fee-based revenues and tax-based revenues to reserves allows for the renewal and replacement costs of an asset to be spread across beneficiaries over the life of the asset. This approach aligns with the benefits model and intergenerational equity identified in the reserve principles.

A significant portion of the reserves are committed or expected to fund planned capital projects approved by Council in the 2020-2024 capital plan and future liabilities, leaving only a small portion of reserves available for discretionary spending. For example, the Solid Waste Reserve is required to pay for planned capital projects and the landfill liability, which has an estimated present value of \$9.9 million at the end of 2019. Funds in the General Fund Reserve are committed to pay for Council-approved commitments such as capital improvements for the Regina Humane Society. The Fleet Replacement Reserve is required to fund future planned fleet replacements, the General Utility Reserve is required to fund planned capital projects, while the other capital reserves and self-sustaining reserves are required to meet asset renewal needs.

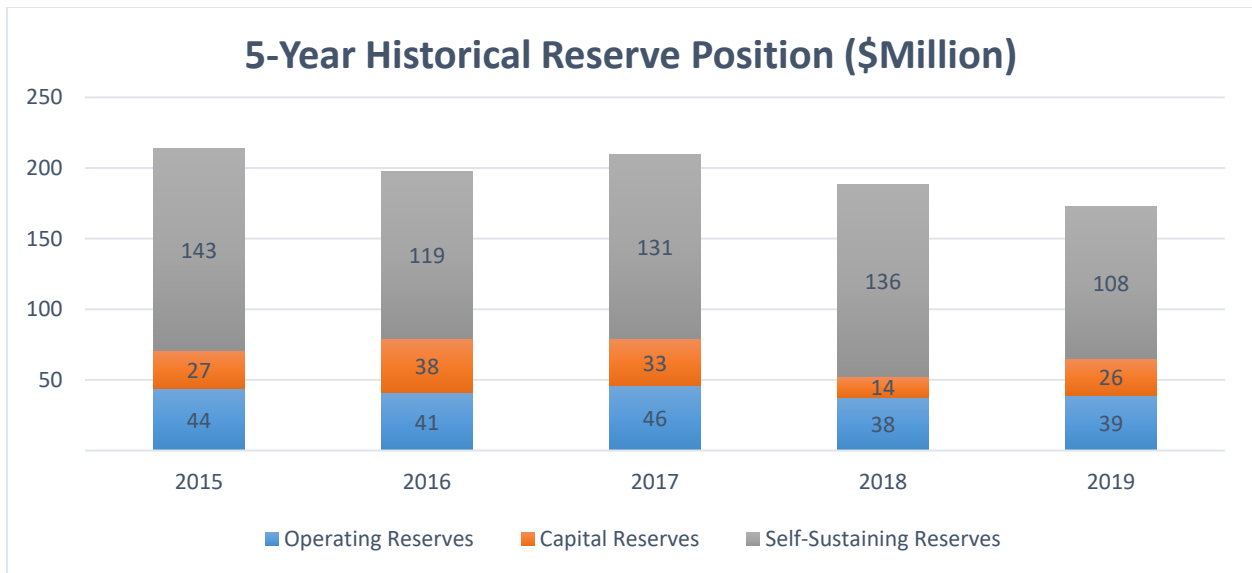
Table 1: 2019 Change in Reserve Balance (\$000s)

Reserves	2019 Activities	2018	2019	Change
Operating Reserves (Tax-Funded)				
General Fund Reserve	Increase from 2019 yearend surplus offset by capital investments	23,499	27,002	3,503
Social Development Reserve	Draw to fund the 2019 Housing Incentive Program	8,958	7,069	(1,889)
Winter Road Maintenance Reserve	Approved Council transfers to the Asset Revitalization Reserve	3,100	2,368	(732)
Regina Police Service General Reserve	Net contributions from operations	630	1,456	826
Elections & Property Reassessment Reserve	Not applicable	642	642	0
Community Investment Grants Reserve	Net contributions from community investments budget	369	383	14
Regina Police Service Radio Equipment Reserve	Net contributions from operations	294	320	26
Subtotal – Operating		37,492	39,240	1,748
Capital Reserves (Tax-Funded)				
Fleet Replacement Reserve	Net contributions from operating budget	11,157	14,907	3,750
Asset Revitalization Reserve	City Manager approved transfer from investment income	1,099	8,674	7,575
Asphalt Plant Reserve	Net contributions from operations offset by budgeted capital investment	1,345	1,256	(89)
Technology Reserve	Net contributions from operations	798	854	56
Subtotal - Capital reserves		14,399	25,691	11,292
Self-Sustaining Reserves (External User-Fee Funded)				
General Utility Reserve	Net draw to fund capital expenditures	102,834	93,323	(9,511)
Solid Waste Reserve	Draw to fund capital expenditures	39,314	30,019	(9,295)
Employer-Provided Parking Reserve	Net contributions from operations	2,269	2,634	365
Golf Course Reserve	Net contributions from operations	100	548	448
Cemetery Reserve	Net draw to fund capital expenditures	384	250	(134)
Planning & Sustainability Stabilization Reserve	Draw to fund operations including the Comprehensive Zoning Bylaw Review	1,532	(444)	(1,976)
Regina Revitalization Initiative Stadium Reserve	Draw to fund operations and debt repayment	(1,362)	(1,780)	(418)

Land Development Reserve	Investment in land development capital projects	(9,224)	(16,815)	(7,591)
Subtotal - Self-sustaining reserves		135,847	107,735	(28,112)
Increase (Decrease) in Reserve Balance		187,738	172,666	(15,072)

5-Year (2015-2019) Historical Reserve Position

Reserve balances have been decreasing over the past five (5) years, from \$214 million in 2015 to \$173 million in 2019. The decrease is primarily related to self-sustaining reserves as reserve funds have been used to fund large capital projects to meet planned asset renewal and replacement requirements. Overall, the steady reserve level is an indication of how the City continues to ensure appropriate reserve balances to support planned projects.



SUMMARY OF 2019 RESERVE BALANCES IN COMPARISON TO RESERVE LIMITS

At the end of 2019, six of the City’s 19 reserves were outside their range while 13 were within range. Of the six reserves outside of their range, four were in excess of their maximum limit by \$4.2 million mainly attributable to the General Utility Reserve, while two reserves were \$20.9 million below their minimum limit mainly attributable to the Land Development Reserve.

The four reserves above their maximum limit include:

- *General Utility Reserve* – \$3.3 million in excess of its maximum limit of \$90 million
- *Fleet Replacement Reserve* – \$607,000 in excess of its maximum limit of \$14.3 million
- *Winter Road Maintenance Reserve* – \$368,000 in excess of its maximum limit of \$2 million
- *Community Investment Grants Reserve* – \$33,000 in excess of its maximum limit of \$350,000

The two reserve below their minimum limit include:

- *Land Development Reserve* – \$18.8 million below its minimum limit of \$2 million

- *Planning & Sustainability Stabilization Reserve* – \$2.1 million below its minimum limit of \$1.7 million

The remaining 13 reserves were within their limit at the end of 2019.

Looking beyond 2019, the overall reserve balance is projected to decline to \$147 million at the end of 2020 and to \$146 million at the end of 2021. The General Fund Reserve (GFR) is expected to decline below their minimum limit at the end of 2021 due to Council-approved commitments against the reserve. The GFR had a balance of \$27 million at the end of 2019, which was within its minimum limit of \$23 million, but is projected to slightly above its minimum limit to \$23.8 million at the end of 2021 due to Council approved commitments and expenditures including the Regina Humane Society. A depleted GFR creates financial risks as this reserve provides Council the greatest flexibility to respond quickly to emergencies or to capitalize on opportunities without borrowing.

The Reserve Policy specifies that, on the recommendations of the Executive Director, Financial Strategy & Sustainability and approval of Council, excess amounts in reserves be transferred in the order described below, unless there is a rationale for allowing reserves to grow above their maximum limits, such as to fund ongoing projects or planned future projects:

- a) Excess amounts in a tax-funded capital reserve would be transferred to a tax-funded capital reserve that is below its minimum limit or to the Asset Revitalization Reserve.
- b) Excess amounts in a tax-funded operating reserve would be transferred to a tax-funded operating reserve that is below its minimum limit or to the General Fund Reserve.
- c) Excess amounts in self-sustaining reserves (non-tax funded reserves or external user fee funded reserves) may be retained in the reserve up to three years after which user fees may be adjusted to an appropriate level that reflects the excess amount. Prior to adjusting fees, proper consideration shall be given to achieving appropriate or full cost recovery where possible and ensuring the long-term care of reserve-supported assets, among other considerations.

In addition, the Reserve Policy also specifies that reserves in a deficit position (reserves below their minimum limit) be replenished as follows:

- d) Tax-supported capital reserves below their minimum limit may be replenished with excess funds from a tax-supported capital reserve or by a transfer from the general revenue as approved by Council.
- e) Tax-supported operating reserves below their minimum limit may be replenished with excess funds from a tax-supported operating reserve or by a transfer from the general revenue as approved by Council.
- f) Self-sustaining reserves below their minimum limit may be replenished by increasing user fees.

Based on the analysis in this report, administration recommends that:

- The excess amount of \$368,000 in the Winter Road Maintenance Reserve be transferred to the General Fund Reserve.
- No transfers be made from the General Utility Reserve due to ongoing projects and future capital plans.
- No transfers be made from the Community Investment Grants Reserve as the excess amount is minimal.
- No transfers be made from the Fleet Replacement Reserve due to upcoming fleet purchases.

Amendments to the limits of the Regina Police Service General Reserve and Regina Police Service Radio Equipment Reserve are also recommended as follows.

	Current Limits (\$000s)		Recommended Limits (\$000s)	
	Minimum	Maximum	Minimum	Maximum
RPS General Reserve	400	4,000	300	4,000
RPS Radio Equipment Reserve	100	6,000	65	300

Table 2 below summarizes the balances in each reserve in comparison to their limits.

Table 2: 2019 Reserve Balance in Comparison to Reserve Limits (\$000's)

Reserve	2019 Balance	Allowable Minimum	Allowable Maximum	Recommendation
Reserves Above Their Limit				
General Utility Reserve	93,323	25,000	90,000	No reduction is recommended due to ongoing projects and future plans
Fleet Replacement Reserve	14,907	1,700	14,300	No reduction due to upcoming fleet replacement purchases
Winter Road Maintenance Reserve	2,368	1,000	2,000	Transfer the excess amount of \$368,000 to the GFR to allow flexibility to unplanned events or capital investment opportunities
Community Investment Grants Reserve	383	N/A	350	Transfer not recommended as the excess amount is minimal
Subtotal	110,981	27,700	106,650	
Reserves Below Their Limit				
Planning & Sustainability Stabilization Reserve	(444)	1,700	13,000	No replenishment is required at this time (see rationale in the sections below)
Land Development Reserve	(16,815)	2,000	12,000	No replenishment is required at this time (see rationale in the sections below)
Subtotal	(17,259)	3,700	25,000	
Reserves Within Their Limit				
Solid Waste Reserve	30,019	28,000	48,500	No action is required
General Fund Reserve	27,002	23,000	46,000	Future Council approved commitments will bring this reserve to slightly above the minimum in 2021. A \$368,000 transfer from Winter Road Maintenance reserve is recommended.
Asset Revitalization Reserve	8,674	500	30,000	No action is required
Social Development Reserve	7,069	N/A	N/A	No action is required
Employer-Provided Parking Reserve	2,634	200	3,500	No action is required
Regina Police Service General Reserve	1,456	400	4,000	Recommended reduction of minimum target to \$300,000. No transfer is required
Asphalt Plant Reserve	1,256	200	1,300	No action is required
Technology Reserve	854	100	1,000	No action is required
Elections & Property Reassessment Reserve	642	-	800	No action is required
Golf Course Reserve	548	250	2,000	No action is required
Regina Police Service Radio Equipment Reserve	320	100	6,000	Recommended reduction of minimum and maximum targets to \$65,000 and \$300,000, respectively. No transfer is required as the excess amount is minimal
Cemetery Reserve	250	100	800	No action is required
RRI Stadium Reserve	(1,780)	N/A	N/A	No action is required
Subtotal	78,944	52,850	143,900	
Total	172,666	84,250	275,550	

Detailed description of the 2019 transactions for each reserve, reserves within and outside their range and the recommendations, including the rationale for replenishing or reducing reserves outside their limits, is provided below in sections A, B and C. Also provided in this Appendix is the projected balance of the reserves.

A. RESERVES OVER THEIR MAXIMUM LIMIT

General Utility Reserve

This reserve is a self-sustaining reserve that provides funding for the capital upgrades, replacement and maintenance costs related to the Water and Sewer Utility. The reserve is also used to smooth the effects of fluctuations in the operating budget for the Water and Sewer Utility. Funding is through the net revenue generated from the Water and Sewer Utility services. The minimum and maximum limits of this reserve are \$25 million and \$90 million respectively.

General Utility (\$000s)	2019	2020	2021	2022	2023	2024
Opening Balance	102,834	93,323	80,374	71,928	49,208	30,878
Addition to reserve	43,146	53,888	53,200	46,400	50,300	50,300
Reduction to reserve	52,657	66,837	61,646	69,120	68,630	55,223
Closing Balance	93,323	80,374	71,928	49,208	30,878	25,955

In 2019, a surplus of \$42.7 million was transferred to the reserve. Total investments of \$52.7 million was made from the reserve on various capital projects. The top six projects in the amount of \$37.2 million include:

- Wastewater Collection Renewal – Integrated Works (\$10.3 million)
- Wastewater Infrastructure Renewal (\$9.5 million)
- The Creeks Wastewater Pump Station Expansion (\$5.6 million)
- Water Service Connection Replacement (\$5 million)
- Buffalo Pound Water Treatment Plant Upgrade (\$3.5 million)
- Storm Sewer Renewal (\$3.3 million)

Although the reserve balance is \$3.3 million in excess of the allowable maximum limit, the forecast shows that the balance will decrease over the next five years due to planned utility capital projects identified in the Utility Model and 2020-2024 capital plan. It is recommended that no transfers be made from the reserve as funds are currently dedicated for planned capital projects over the next five years.

Fleet Replacement Reserve

The Fleet Replacement Reserve is used to provide funding for the maintenance and replacement of existing general civic, transit, and fire fleet vehicles, as well as the small tools fleet. This reserve is funded through a budgeted transfer of an amount each year that is the equivalent of the annual amortization of the existing fleet. The fleet reserve has four components as described below. While individually, three of the components are outside their limit, the Fleet Replacement Reserve is looked at as a whole and overall, the reserve is within its limit.

- Fleet Replacement Reserve (General Civic)** - The General Civic Fleet Replacement Reserve is used to provide funding for the maintenance and replacement of existing general civic fleet vehicles. This reserve is funded through a budgeted transfer of an amount each year that is the equivalent of the annual amortization of the existing civic fleet. The minimum and maximum limits for this reserve are \$900,000 and \$8.2 million, respectively. In 2019, a capital investment of \$8.5 million was made in civic replacement while \$10.8 million was added to the reserve, resulting in a yearend balance of \$8.8 million. This component reserve is over the reserve limit, however, planned expenditures in 2020 will bring it within its limit.

Civic Fleet (\$000s)	2019	2020	2021	2022	2023	2024
Opening Balance	6,514	8,807	7,284	7,105	6,427	6,181
Addition to reserve	10,811	8,082	8,082	8,082	8,081	8,081
Reduction to reserve	8,518	9,605	8,260	8,760	8,327	8,883
Closing Balance	8,807	7,284	7,105	6,427	6,181	5,379

- Fleet Replacement Reserve (Transit)** - The Transit Fleet Replacement Reserve provides funding for the maintenance and replacement of existing transit fleet vehicles. This reserve is funded through a transfer of an amount each year that is the equivalent of the annual amortization of the existing transit fleet vehicles. The minimum and maximum limits for this reserve are \$600,000 and \$5 million, respectively. In 2019, transit fleet investment of \$1.8 million was made while \$3.5 million was transferred to the reserve, resulting in a yearend balance of \$5.9 million. The reserve is above its limit at the end of 2019 and is forecast to continue to be above the limit until 2023 based on projected transit fleet maintenance and replacement schedule. Given future years planned capital spending, no action is recommended at this time.

Transit Fleet (\$000s)	2019	2020	2021	2022	2023	2024
Opening Balance	4,296	5,905	8,219	7,338	6,401	4,340
Addition to reserve	3,483	3,084	3,084	3,084	3,084	3,064
Reduction to reserve	1,775	770	3,964	4,020	5,145	5,125
Closing Balance	5,905	8,219	7,338	6,401	4,340	2,279

- Fleet Replacement Reserve (Fire)** - The Fire Fleet Replacement Reserve provides funding for the maintenance and replacement of existing fire fleet vehicles and equipment. This reserve is funded through a transfer of an amount each year that is the equivalent of the annual amortization of the existing fire fleet equipment. The minimum and maximum limits for this reserve are \$200,000 and \$1 million, respectively. In 2019, \$1.3 million was invested in the fire fleet replacement program, while \$1.1 million was added to the reserve, bringing the reserve balance to \$88,000 at the end of the year. The reserve is currently below its target minimum and is projected to be within its limits at the end of 2020. The projected balance beginning in 2022 are expected to be above the target maximum and will continue to be monitored. No action is required at this time.

Fire Fleet (\$000s)	2019	2020	2021	2022	2023	2024
Opening Balance	240	88	819	852	1,585	1,488
Addition to reserve	1,133	1,133	1,133	1,133	1,133	1,133
Reduction to reserve	1,285	402	1,100	400	1,230	264
Closing Balance	88	819	852	1,585	1,488	2,357

- Fleet Replacement Reserve (Small Tools)** - The Small Tools Fleet Replacement Reserve provides funding for the maintenance and replacement of existing small tools fleets. The reserve is funded through the transfer of an amount each year that is the equivalent of the annual amortization of the existing small tools. The minimum and maximum limits for this reserve are \$0 and \$100,000, respectively. At the end of 2019, the reserve balance was \$7,000 in excess of the maximum limit. This is considered a small excess with a low impact on the City's reserve position. No action is required at this time.

Small Tools Fleet (\$000s)	2019	2020	2021	2022	2023	2024
Opening Balance	107	107	107	107	107	107
Addition to reserve	84	84	84	84	84	84
Reduction to reserve	84	84	84	84	84	84
Closing Balance	107	107	107	107	107	107

Winter Road Maintenance Reserve

This is an operating reserve that is used to manage annual swings in expenditures in the Winter Road Maintenance Program that may arise due to unpredictable winter storm events. The intent is to ensure the City continues to maintain the road network and to ensure safe winter driving conditions for residents. The reserve is funded through unexpected under expenditures in the annual operating budget for the Winter Road Maintenance Program. The minimum and maximum limits for this reserve are \$1 million and \$2 million, respectively.

Winter Road Maintenance (\$000s)	2019	2020	2021	2022	2023	2024
Opening Balance	3,100	2,368	2,143	2,143	2,143	2,143
Addition to reserve	593	0	0	0	0	
Reduction to reserve	1,325	225	0	0	0	
Closing Balance	2,368	2,143	2,143	2,143	2,143	2,143

In 2019, \$593,000 was transferred into the reserve from operations and \$1.1 million was transferred from this reserve (CR19-85) to the Asset Revitalization Reserve (ARR) as recommended in the 2018 Reserve Report. The balance is currently \$368,000 above the target maximum and it is recommended to be transferred to the General Fund Reserve as described in the Reserve Policy.

In the 2020 budget, Council approved (CM19-15) the transfer of \$225,000 from the Winter Road Maintenance Reserve to fund the Spring Sweep program. With the recommended \$368,000 transfer and the 2020 commitment, the Winter Road Maintenance reserve is expected to be within its target balance at the end of 2020.

Community Investment Grants Reserve

The purpose of this reserve is to provide funding for Council approved community investment grants that are above the approved grants budget. The reserve is funded through unspent community investment grants budget. Community investments are used to support and partner with community non-profit organizations to deliver programs, projects and services that align with Council priorities and community needs. Funds are allocated through the following committees and each has its sub reserve within the Community Investments Grants Reserve:

- The Community and Protective Services Committee (C&PS) - provides financial support to organizations that deliver community services in the area of sport, cultural, recreational and social development.
- The Executive Committee - provides financial support for special events and funding to the Regina Exhibition Association Limited (REAL), Economic Development Regina (EDR) and the Wascana Park through the Provincial Capital Commission.
- The Finance and Administration Committee (F&A) - provides financial support for educational, economic and promotional purposes.

Grants Reserve (\$000s)	2019	2020	2021	2022	2023	2024
Opening Balance	368	383	383	383	383	383
Addition to reserve	27	0	0	0	0	0
Reduction to reserve	12	0	0	0	0	0
Closing Balance	383	383	383	383	383	383

The Community Investment Grants Reserve has a target balance between \$0 and \$350,000. In 2019, the City community investments budget was \$9 million, including \$3.8 million allocated through the C&PS Committee, \$4.9 million allocated through the Executive Committee and \$200,000 allocated through Finance and Administration Committee. Total funding allocated at the end of 2019 resulted in a small transfer of \$27,000 to the reserve at yearend. The reserve balance was \$383,000 or \$33,000 in excess of the maximum limit. It is recommended that no transfer be made as the excess amount in the reserve is considered minimal with a low impact on the City's reserve position.

B. RESERVES UNDER THEIR MINIMUM LIMIT

Land Development Reserve

This reserve is used to fund land acquisition and development, and to manage fluctuations in the operating budget for the Land and Real Estate operations. The reserve is funded through net revenues from land sales. The minimum and maximum limits for the reserve are \$2 million and \$12 million, respectively. In 2019, approximately \$1.9 million in land sales was transferred to the reserve while \$9.5 million was invested in the South East Land Development project. Although the reserve had a negative balance of \$16.8 million at the end of 2019, there is approximately \$24.2 million available in the land development project accounts, including \$11.6 million in the Railyard Renewal Project, \$9.5 million in the SE Land Development project and \$3.1 million in the Hawkstone Land Development project. This means that, on a net basis, there is approximately \$7.3 million funding available related to this reserve. In addition, it is being projected that an annual revenue of \$7.6 million would

be received annually from land sales from 2021-2024. Based on this, no action is recommended at this time.

Land Development (\$000s)	2019	2020	2021	2022	2023	2024
Opening Balance	(9,224)	(16,815)	(14,215)	(13,615)	(13,815)	(16,215)
Addition to reserve	1,909	2,600	7,600	7,600	7,600	7,600
Reduction to reserve	9,500	0	7,000	7,800	10,000	7,000
Closing Balance	(16,815)	(14,215)	(13,615)	(13,815)	(16,215)	(15,615)

Planning & Sustainability Stabilization Reserve

This reserve is used to provide funding to smooth the effect of fluctuations in the operating budget for the City’s fee for service building and development activities, and to fund one-time planning and sustainability capital projects. The reserve is funded through the net fees and charges generated from fee for service development activities. This reserve has a minimum limit of \$1.7 million and a maximum limit of \$13 million.

Planning & Sustainability (\$000s)	2019	2020	2021	2022	2023	2024
Opening Balance	1,532	(444)	(2,220)	(2,220)	(2,220)	(2,220)
Addition to reserve	0	0	0	0	0	0
Reduction to reserve	1,976	1,776	0	0	0	0
Closing Balance	(444)	(2,220)	(2,220)	(2,220)	(2,220)	(2,220)

In 2019, net operating expenses related to planning and development activities were higher than revenues by approximately \$2 million resulting in a draw from the reserve. The reserve balance was negative \$444,000 at the end of 2019. The reserve balance is projected to decrease further below its minimum limit at the end of 2020 due to a planned transfer from the reserve to operations of \$1.8 million from reduced building permit revenue due to lower construction levels in 2020. It is expected that the reserve would have a negative balance over the next five years due to decline in building permit revenues exacerbated by housing market decline and slow economic activities in general. As this is a self-sustaining reserve with an expectation of achieving full cost recovery, it is expected that fees would be aligned to match future expenditures. Therefore, a transfer to the reserve is not required.

C. RESERVES WITHIN THEIR LIMITS

Thirteen out of the 19 reserves were within their limits at the end of 2019. For information purposes, the 2019 transactions and yearend balances of these reserves are provided below. No action is recommended for these reserves.

Solid Waste Reserve

The Solid Waste Reserve is used to fund the landfill closure and post closure liability, renew and replace capital assets used to deliver the landfill operations, the waste diversion program and the recycling program; and to smooth the effects of fluctuations in the operating budget for these programs. The reserve is funded primarily through net fees and charges generated from landfill operations, the waste diversion program and the recycling program. The reserve has a minimum limit of \$28 million and a maximum limit of \$48.5 million.

Solid Waste (\$000s)	2019	2020	2021	2022	2023	2024
Opening Balance	39,314	30,019	29,922	39,568	49,411	59,454
Addition to reserve	9,415	9,918	10,116	10,318	10,525	10,736
Reduction to reserve	18,710	10,015	470	475	482	488
Closing Balance	30,019	29,922	39,568	49,411	59,454	69,702

In 2019, \$18.7 million was invested on various capital projects such as Refuse Cart Replacement, Landfill Infrastructure Renewal and Landfill Operations Centre, while net operating surplus of \$9.4 million was transferred to the reserve. The reserve balance decreased to \$30.0 million at the end of 2019 and is forecast to remain at this level through 2020. While current projections show the reserve balance will increase to \$69.7 million by 2024, this projection does not take into account future capital expenditures, such as landfill closure and post-closure costs, which is currently estimated to be \$9.9 million. For this reason, transfer from this reserve is not recommended.

General Fund Reserve

The General Fund Reserve (GFR) is a stabilization reserve used by the City primarily to smooth the financial impact of revenue fluctuation or cost increases, or to fund one-time unanticipated operating requirements. There is no dedicated funding source for this reserve as the reserve is funded primarily from unanticipated net surplus from the City's general operating fund. The minimum and maximum limits of the GFR are \$23 million and \$46 million respectively, based on 5% and 10% of the City's annual budgeted general operating expenditures for the current year.

General Fund (\$000s)	2019	2020	2021	2022	2023	2024
Opening Balance	23,499	27,002	24,563	23,801	23,039	22,277
Addition to reserve	8,149	762	0	0	0	0
Reduction to reserve	4,646	3,201	762	762	762	762
Closing Balance	27,002	24,563	23,801	23,039	22,277	21,515

In 2019, \$4.6 million was drawn from the GFR, primarily for the funding of Parks and Facilities Yard Development as approved by Council (CR17-120), while \$8.1 million was transferred to the GFR primarily due to \$7.0 million in net general operating surplus.

The GFR is projected to decrease to slightly above its minimum limit to \$23.8 million at the end of 2021 due to Council approved commitments for capital improvements of the Regina Humane Society (EX14-50).

The GFR continues to provide Council the greatest flexibility to respond quickly to emergencies or to capitalize on opportunities without borrowing. Depleting this reserve below its minimum recommended target impacts the City's financial flexibility. The GFR does not have a dedicated funding source as funding comes from unexpected operating surplus. Given the tight financial outlook of the City, it is not likely that the City will not have significant operating surplus to be transferred to the GFR. While Administration continues to monitor the GFR to ensure an appropriate balance is maintained in this reserve, there is an opportunity for the City to consider a dedicated funding source for this reserve such as transferring a budgeted amount to this reserve in future budgets.

Asset Revitalization Reserve

This reserve provides funding for the City’s strategic capital priorities to assist in managing the growth and revitalization of the capital assets and infrastructure of the City. This reserve is not intended to fund new developments or growth projects that are typically funded through servicing agreement fees (SAF) or projects that are funded through a dedicated reserve. The Asset Revitalization Reserve (ARR) is funded through a portion of interest revenue earned from the City’s investments. The reserve has a minimum limit of \$500,000 and maximum limit of \$30 million.

Asset Revitalization (\$000s)	2019	2020	2021	2022	2023	2024
Opening Balance	1,099	8,674	8,689	8,704	8,719	8,719
Addition to reserve	14,775	15	15	15	0	
Reduction to reserve	7,200	0	0	0	0	
Closing Balance	8,674	8,689	8,704	8,719	8,719	8,719

In 2019, \$14.8 million was transferred to the reserve, including \$13.6 million in investment gains and a \$1.1 million transfer from the Winter Road Maintenance Reserve (CR 19-85). During the year, \$7.2 million was allocated from this reserve to fund the Regina Police Service Headquarters Complex.

The ARR is projected to have a balance of \$8.7 million at the end of 2020. Similar to the GFR, the ARR provides Council flexibility to respond to one-time capital needs reducing the use of debt. To ensure the City continues to utilize the ARR to fund critical capital projects, there is an opportunity for the City to consider a sustainable funding source for this reserve such as allocating funding through the annual operating budget of the City and transferring excess amounts from operating and/or capital reserves that are funded through tax revenue.

Social Development Reserve

This reserve is used to provide grant funding for affordable and below market housing developments in accordance with the Housing Incentives Policy (HIP) and other Council approved housing initiatives. The HIP currently allows the City to invest up to \$2.5 million per year in the housing grant program. The reserve does not have a dedicated funding source as it is funded through Council approved transfers. There is no limit established for this reserve as it does not lend itself to having limits.

Social Development (\$000s)	2019	2020	2021	2022	2023	2024
Opening Balance	8,958	7,069	154	154	154	154
Addition to reserve	26	0	0	0	0	0
Reduction to reserve	1,915	6,915	0	0	0	0
Closing Balance	7,069	154	154	154	154	154

In 2019, \$1.9 million was spent from the reserve, decreasing the reserve balance to approximately \$7 million at yearend. Administration is expecting high utilization of the HIP for 2020, resulting in a \$6.9 million draw to the reserve in 2020. This leaves an uncommitted balance of \$154,000 at the end of 2020. To ensure the sustainability of the HIP, a long-term funding source is required for this program. Administration is in the process of reviewing the

HIP and is developing a recommendation for a long-term funding source for the reserve through the 2021 Budget.

Employer-Provided Parking Reserve

This is a self-sustaining reserve used to fund the operating, maintenance and capital replacement and renewal requirements of the employer-provided parking facilities. The reserve is funded through the net parking fees from employer-provided parking program. The reserve has minimum and maximum limits of \$200,000 and \$3.5 million, respectively.

Employer-Provided Parking (\$000s)	2019	2020	2021	2022	2023	2024
Opening Balance	2,269	2,634	2,941	3,248	3,555	3,862
Addition to reserve	440	625	625	625	625	625
Reduction to reserve	75	318	318	318	318	318
Closing Balance	2,634	2,941	3,248	3,555	3,862	4,169

In 2019, a net addition of \$365,000 was made to the reserve to increase the balance to \$2.6 million at the end of the year. The reserve is projected to remain within its limit through 2021 and then increase above the maximum from 2022 to 2024.

Regina Police Service General Reserve

This is a stabilization reserve primarily used to smooth fluctuations in the annual operating budget of the Regina Police Service (RPS) and to fund small one-time capital expenditures requested by the Board of Police Commissioners that are approved by Council. The reserve is funded through unplanned surplus from the RPS annual operating budget. The minimum and maximum limits of the reserve are \$400,000 and \$4 million respectively

RPS General (\$000s)	2019	2020	2021	2022	2023	2024
Opening Balance	630	1,456	1,456	1,456	1,456	1,456
Addition to reserve	826	0	0	0	0	0
Reduction to reserve	0	0	0	0	0	0
Closing Balance	1,456	1,456	1,456	1,456	1,456	1,456

In 2019, \$826,000 in operating surplus was transferred to the reserve, increasing the balance to \$1.5 million at yearend. Forecast shows the reserve would remain within its limit over the next five years assuming there are no unexpected operating deficits.

The reserve review completed in 2018 recommended that the minimum for the RPS General Reserve be reduced from \$400,000 to \$300,000 based on best practice to establish the minimum at historical levels. In 2019 the recommendation was presented and approved by the Board of Police Commissioners. The table below provides the updated limits. No transfers are required as a result of the recommended adjustment.

RPS General Fund Reserve (\$000s)			
Current Limits		Recommended Limits	
Minimum	Maximum	Minimum	Maximum
\$400	\$4,000	\$300	\$4,000

Asphalt Plant Reserve

The Asphalt Plant Reserve is a capital reserve used to fund capital requirements and maintenance costs of the City's asphalt plant. The reserve is funded through net revenue generated from asphalt plant operations after deducting the cost of producing asphalt and other expenditures related to the asphalt plant operations. The minimum and maximum limits of the reserve are \$200,000 and \$1.3 million, respectively.

Asphalt Plant (\$000s)	2019	2020	2021	2022	2023	2024
Opening Balance	1,345	1,256	1,306	506	506	806
Addition to reserve	61	200	200	200	200	200
Reduction to reserve	150	150	1,000	0	100	150
Closing Balance	1,256	1,306	506	706	806	856

In 2019, \$61,000 in operating surplus was transferred to the reserve. The reserve invested \$150,000 in the asphalt plant capital program resulting in a reserve balance of \$1.3 million. Projections show that the reserve balance would decrease to \$856,000 over the next five years due to planned capital expenditures related to the upgrade of major components of the asphalt plant as identified in the 2020-2024 capital plan. Based on this, a transfer from this reserve is not required.

Technology Reserve

This reserve provides funding for replacing and enhancing existing technology equipment in the event of unexpected equipment failure or changes in digital information delivery. It is also used to smooth operating requirements for the City's internal Print Services. The reserve is not intended to fund capital investments in new technology equipment as these are procured through a lease program. Funding is primarily generated through net revenues from the Print Services operations.

Technology (\$000s)	2019	2020	2021	2022	2023	2024
Opening Balance	798	854	259	264	269	274
Addition to reserve	56	5	5	5	5	5
Reduction to reserve	0	600	0	0	0	0
Closing Balance	854	259	264	269	274	279

In 2019, a net transfer of \$56,000 from operations to the reserve was made, bringing the yearend reserve balance to \$854,000. The reserve will invest \$600,000 in the Technology Capital program in 2020, reducing the reserve balance to \$259,000. This balance is within the reserve's minimum and maximum range of \$100,000 and \$1 million, respectively. The reserve is currently projected to remain within its limits over the next five years.

Elections & Property Reassessment Reserve

This reserve is used to manage planned future operating business requirements related to municipal elections and property reassessment, which occur once every four years. It is not intended to fund property revaluation appeals lost by the City as there is a process in place for managing appeal risks. The reserve is funded by a transfer of an amount per year that is equal to 25% of the costs of elections and property reassessments. Funding is from the operating budget of City departments who utilize this reserve, including the Office of the City Clerk, Communications & Customer Experience and Assessment, Taxation & Utility Billing.

Elections & Property Reassessment (\$000s)	2019	2020	2021	2022	2023	2024
Opening Balance	642	642	0	225	450	675
Addition to reserve	0	224	225	225	225	225
Reduction to reserve	0	866	0	0	0	900
Closing Balance	642	0	225	450	675	0

Respectively, the minimum and maximum limits of this reserve are \$0 and \$800,000. The maximum amount includes \$500,000 for elections and \$300,000 for property reassessments. In 2019, no transfer was made to the reserve as the balance was sufficient to fund the 2020 Election. The 2019 ending balance of \$642,000 is within the allowable limit, and the reserve is expected to remain within its limits over the next five years. A planned reduction to the reserve is forecast in 2020 and 2024 for the civic election and property reassessment.

Golf Course Reserve

The Golf Course Reserve is a self-sustaining reserve that provides funding for the capital requirements and maintenance costs of the golf courses, as well as to smooth operating needs of the golf course program. The reserve is funded through net revenues generated from golf sales. This reserve has a minimum limit of \$250,000 and a maximum limit of \$2 million.

Golf Course (\$000s)	2019	2020	2021	2022	2023	2024
Opening Balance	100	548	253	253	453	653
Addition to reserve	568	5	350	350	350	350
Reduction to reserve	120	300	350	150	150	200
Closing Balance	548	253	253	453	653	803

In 2019, an operating surplus of \$568,000 was transferred to the reserve resulting in a yearend balance of \$548,000. The reserve is expected to decline to \$253,000 at the end of 2020. The reserve is projected to increase to \$803,000 in 2024.

Regina Police Service Radio Equipment Reserve

This is an operating reserve used to smooth expenditures related to the operation and capital and maintenance of the civic radio system. The RPS Communication Technology Unit (CTU) manages the trunked radio system on behalf of City departments and outside agencies who use the trunked radio system, such as Mobile Crisis Services, and Regina Health Authority. The reserve is funded through net revenue generated from the users of the radio system. The reserve's current minimum limit is \$100,000 and maximum limit is \$6 million.

RPS Radio Equipment (\$000s)	2019	2020	2021	2022	2023	2024
Opening Balance	294	320	320	320	320	320
Addition to reserve	26	0	0	0	0	0
Reduction to reserve	0	0	0	0	0	0
Closing Balance	320	320	320	320	320	320

In 2019, the reserve increased by \$26,000 resulting in a yearend balance of \$320,000 which is within its current limit.

The reserve review completed in 2018 recommended that the minimum and maximum targets for the RPS Service Radio Equipment Reserve be changed to \$65,000 and \$300,000 respectively based on best practice of maintaining a minimum of 8 per cent and a maximum of 25 per cent of historical total expenses in the reserve. In 2019 the recommendation was presented and approved by the Board of Police Commission. The table below notes the updated limits. The 2019 balance is over the target maximum balance, but no transfer is recommended as the amount is low with minimal impact to the City's reserve position.

RPS Service Radio Equipment Reserve (\$000s)			
Current Limits		Recommended Limits	
Minimum	Maximum	Minimum	Maximum
\$100	\$6,000	\$65	\$300

Cemetery Reserve

This is a self-sustaining reserve that provides funding for the capital requirements and maintenance costs of the cemeteries, and to manage the operating requirements of the cemetery program. The reserve is funded through net revenues generated from the cemetery program. The reserve's minimum and maximum limits are \$100,000 and \$800,000, respectively.

Cemetery (\$000s)	2019	2020	2021	2022	2023	2024
Opening Balance	384	250	73	63	53	43
Addition to reserve	0	33	100	100	100	100
Reduction to reserve	134	210	110	110	110	110
Closing Balance	250	73	63	53	43	33

In 2019, a capital investment of \$100,000 was made from the reserve to restore existing infrastructure, while an operating deficit of \$33,000 was drawn from the reserve, resulting in a net decrease to the reserve of \$133,000 and a yearend reserve balance of \$250,000. The reserve is projected to decrease below the minimum balance in 2020 due to budgeted capital expenditures. Administration will review the reserve in 2020 and bring forward recommendations as required.

Regina Revitalization Initiative (RRI) Stadium Reserve

The RRI Stadium Reserve is a self-sustaining reserve that provides funding for the capital and operating expenditures of the Mosaic stadium. The reserve is funded through the net revenues received for the Mosaic stadium operations. There are no limits established for this reserve as it does not lend itself to having reserve limits.

RRI Stadium (\$000s)	2019	2020	2021	2022	2023	2024
Opening Balance	(1,362)	(1,780)	(6,083)	(6,302)	(4,901)	(3,735)
Addition to reserve	0	0	0	1,401	1,166	1,253
Reduction to reserve	417	4,303	219	0	0	0
Closing Balance	(1,780)	(6,083)	(6,302)	(4,901)	(3,735)	(2,482)

In 2019, \$417,000 was drawn from this reserve to fund operating deficits, resulting in a negative balance of \$1.8 million at yearend. This negative reserve balance was anticipated, and the Reserve Bylaw allows for this reserve to go into a negative position to deal with anticipated temporary negative cash flows. As a self-sustaining reserve, the expectation is that the revenues from the stadium would cover ongoing and future capital and operating expenditures. Administration continues to monitor and manage the reserve to ensure there is no impact to the operations of the stadium as a result of the projected negative reserve balance.

CITY OF REGINA RESERVE BALANCE IN COMPARISON TO OTHER CITIES

The level of reserves maintained by a municipality depends on a number of factors, including services and levels of service provided by the municipality, internal financial policies, risk tolerance, the age and condition of infrastructure, as well as long-term financial plans and economic conditions. Industry recognized indicators used by credit rating agencies and recommended by the Government Finance Officers Association (GFOA)¹ of the United States and Canada and the Municipal Finance Officers Association (MFOA)² of Ontario were applied in assessing the City's reserve levels in comparison to ten Canadian municipalities.

In particular, the MFOA recommends that a municipality should maintain a minimum of 20% of its annual expenditures in reserves. While there is no recommended maximum benchmark, best practice advises that reserve balances should be benchmarked against other municipalities to provide insight on whether a city's reserve is excessively high or low.

The comparison based on the industry measures shows that the City's reserve balance is reasonable, as it is within the average range for most of the indicators considered as described below. It is important to highlight that the City's AAA credit rating was confirmed by S&P Global in May 2020 based on its practice of strong financial management, including responsible management of reserves.

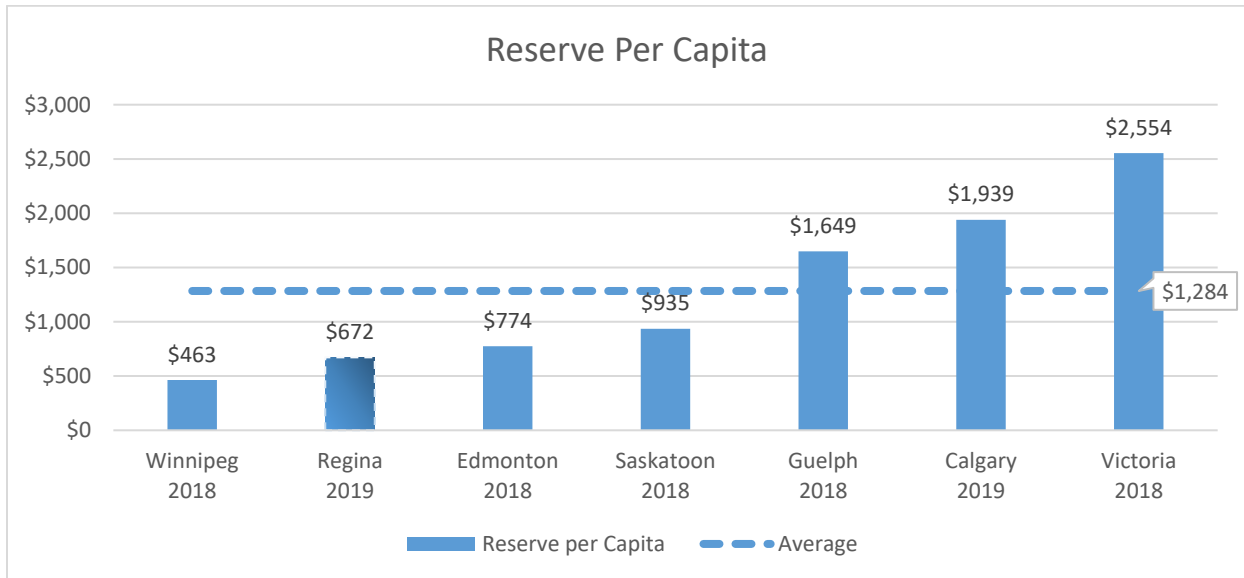
Reserve Per Capita

This ratio measures total reserve balances in relation to the population. This is a useful ratio as it illustrates the property taxes, rates and charges paid per person living a municipality that is set aside for planned future capital expenditures or operating emergencies. A higher ratio implies that the average resident of a city is paying more taxes for future needs. While there is no generally accepted benchmark for this ratio, a comparison with other cities provides a good indicator whether a municipality has too much in reserves. The graph below shows that the City of Regina has the second lowest reserve per capita (\$672), which is reasonable compared to \$1,284 for the average city. The City of Saskatoon has the

¹ The GFOA is a non-profit association of state and local government finance professionals and elected officials throughout the United States and Canada, with a mission to promote excellence and best practices in financial management, including reserve policies

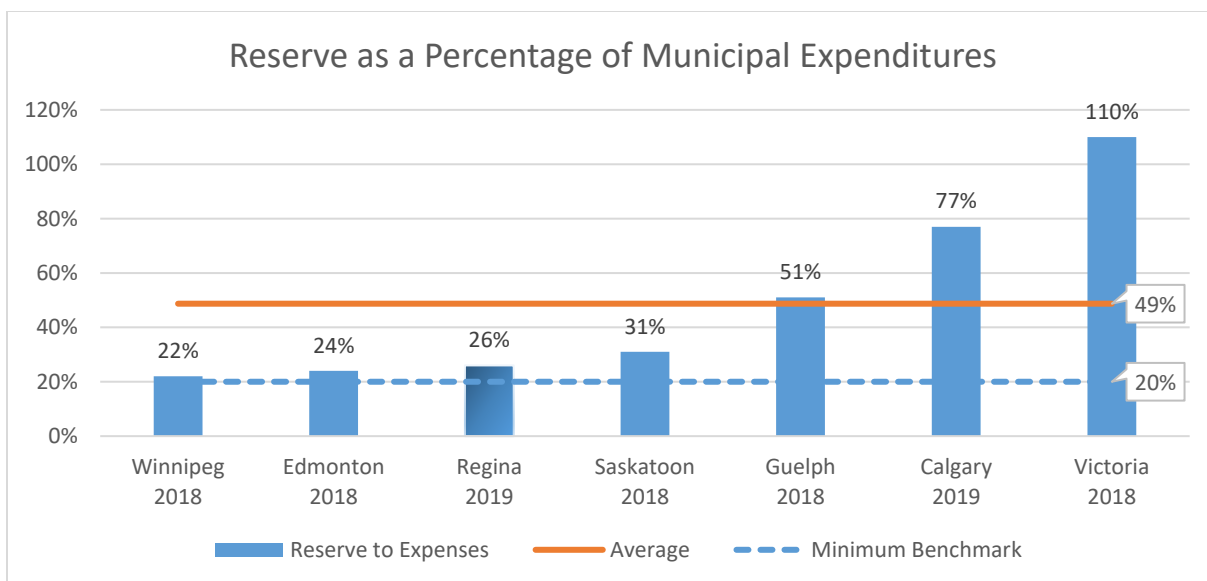
²The MFOA is a Canadian based professional association of municipal finance officers who handle the financial affairs of municipalities and who are key advisors to councils on matters of finance policy. The association promotes best practices in municipal financial management.

median reserve per capita of the group (\$935), while the City of Victoria has the largest per capita reserves of \$2,554.



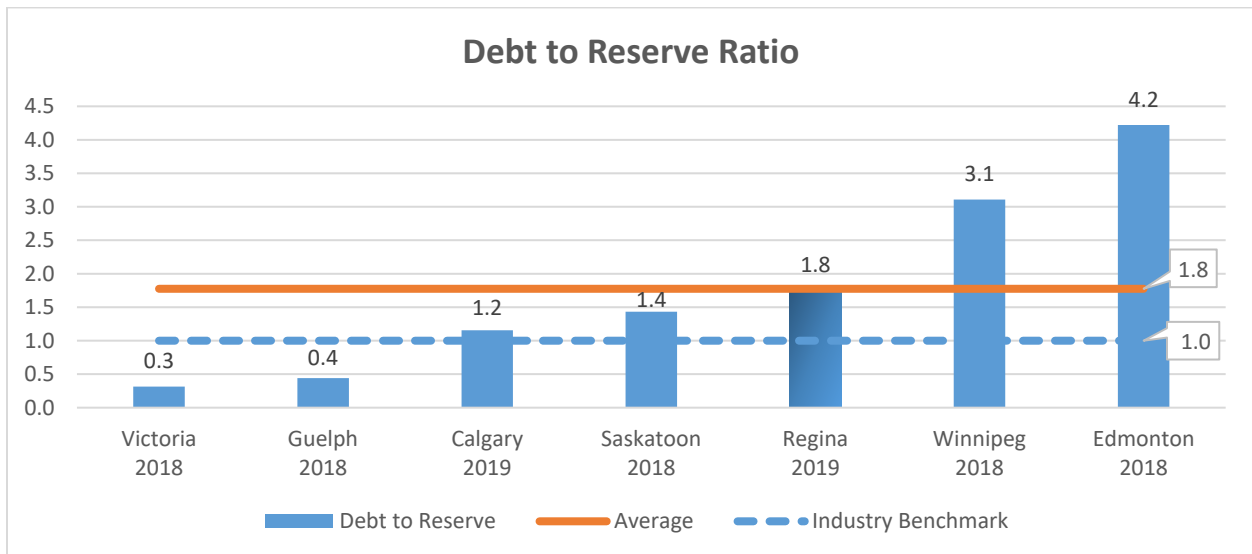
Percentage of Reserves to Expenses

This ratio is a measure of financial stability as it shows the ability of a municipality to offset unexpected revenue loses or cost increases without borrowing. A minimum ratio of 20% is recommended as good practice. The comparison shows the City of Regina ratio to be 26% compared to 49% for the average municipality. Although the City's ratio is lower than the peer group average, it is considered reasonable as it is above the recommended minimum and includes funding for planned capital requirements and obligations, as well as funding to smooth unexpected fluctuations in revenue or expenses.



Percentage of Debt to Reserves

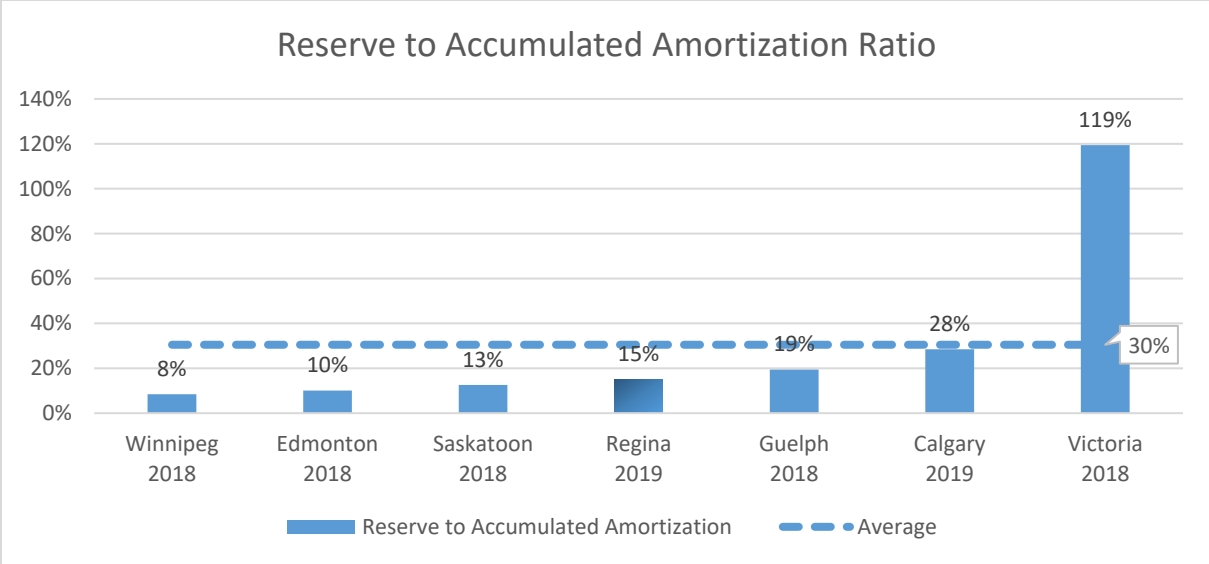
This ratio is used to measure financial prudence by comparing debt level to reserve balances. Credit rating agencies such as S&P Global recommend that municipalities should maintain a debt to reserve benchmark ratio of 1:1. This means that for every dollar of debt there should be a dollar of reserves. This ratio ensures that the total debt burden of a municipality does not exceed the total of all reserves. All else being equal, a lower ratio is preferred. A lower ratio means that a municipality has lower debt and/or higher reserve, while a higher ratio could mean high debt and low reserve level. The comparison shows the City of Regina has a ratio equal to the average of 1.8 for the peer group. The City's ratio means that for every \$1.80 of debt there is \$1.00 of reserves available to cover the debt. The City's ratio is similar to that of the City of Saskatoon, and it indicates prudent use of debt and good financial management.



Percentage of Reserves to Accumulated Amortization

Reserves were also compared to capital assets, using accumulated amortization. Accumulated amortization is the portion of a city's tangible capital assets³ (TCA) that has been consumed and therefore needs to be renewed or replaced. The value of accumulated amortization can be used as an approximation of asset condition and future asset replacement requirements. In 2019, the City's reserve levels as a percentage of accumulated amortization was 15% compared to 30% for the average municipality. This means that 15% of the City's assets that have been consumed could be replaced through its reserves compared to Saskatoon, which has an 13% ability to replace its utilized assets through reserves.

³ Tangible capital assets are assets or infrastructure that are used to deliver services. These assets have a life span longer than one year. Examples include roads, buildings, fleet equipment etc.



Limitations of Reserve Balance Comparisons

While jurisdictional comparisons provide useful context with respect to the appropriateness of reserve balances held by cities, it is important to note that comparatives are not necessarily indicative of what the City of Regina should have in its reserves. The following factors are worth considering in comparing reserve balances:

1. *Condition of Assets* - Some cities may have newer assets or more robust maintenance programs than others, and therefore would require lower reserve balances to replace assets. For example, the City has delayed its capital improvements and maintenance and will therefore require more reserves in the future to catch up with capital improvements and replacements. The City has provided increased funding to maintain, repair and acquire new capital assets in various manners. The City has dedicated funding to address specific assets through the Residential Roads Renewal Program. In addition, through the 2020 budget process, Council approved two new capital funding programs, the Recreation/Culture Capital Program (\$3 million per year) and a dedicated mill rate increase over five years (Recreation Infrastructure Program) to fund the implementation of the Recreational Master Plan and the Cultural Plan. Continued effort in the development of asset management plans for all the City’s assets will provide a clear picture of the current and future needs.
2. *Pay-As-You-Go* - Cities may have a funding strategy, whereby revenues from current operating budget (pay-as-you-go), instead of reserves, are used to pay for expenditures. Cities that use pay-as-you-go as their funding strategy for asset renewal will typically maintain a lower reserve balance in comparison to their assets.
3. *Capital Carry Forward* - Some cities may keep reserve-type funds, such as approved but unspent capital funds, in a project account instead of a reserve. All else being equal, cities that carry over unspent capital funds in a project account rather than a reserve will report a lower reserve balance compared to cities that report approved but unspent capital funds as part of their reserve balance.

RESERVE BALANCES PROJECTION

Reserves are projected to decrease to \$147 million by the end of 2020 and to \$146 million by end of 2024. The projected decline in reserve balances is mainly due to planned capital projects identified in the five-year 2020-2024 capital plan. The majority of the decrease is related to self-sustaining reserves as the City invests in planned projects. Detailed projections for each reserve are shown in graph below and Table 3.

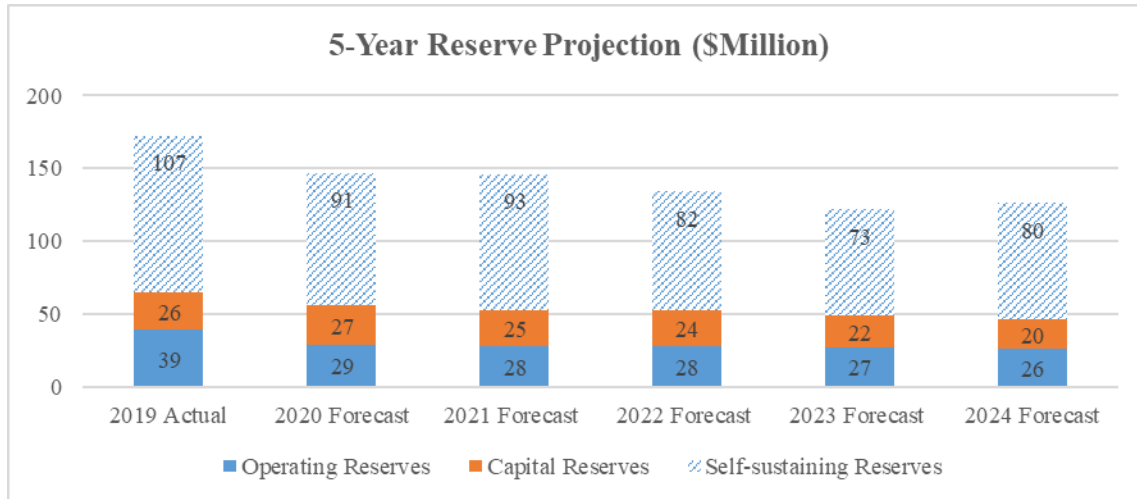


Table 3: Five-Year Reserve Balance Projection (\$000s)

Allowable Minimum	Allowable Maximum	Reserve Name	Actual 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024
Operating Reserves (Tax-Supported)								
23,000	46,000	General Fund Reserve	27,002	24,563	23,801	23,039	22,277	21,515
-	-	Social Development Reserve	7,069	154	154	154	154	154
1,000	2,000	Winter Road Maintenance Reserve	2,368	2,142	2,142	2,142	2,142	2,142
400	4,000	Regina Police Service General Reserve	1,456	1,456	1,456	1,456	1,456	1,456
-	800	Elections & Property Assessment Reserve	642	-	225	450	674	-
-	350	Community Investment Grants Reserve	383	383	383	383	383	383
100	6,000	Regina Police Service Radio Equipment Reserve	320	320	320	320	320	320
24,500	59,150	Subtotal	39,240	29,018	28,481	27,944	27,406	25,970
Capital Reserves (Tax-Supported)								
1,700	14,300	Fleet Replacement Reserve	14,907	16,428	15,401	14,520	12,116	10,122
500	30,000	Asset Revitalization Reserve	8,674	8,689	8,704	8,719	8,719	8,719
200	1,300	Asphalt Plant Reserve	1,256	1,306	506	706	806	856
100	1,000	Technology Reserve	854	259	264	269	274	279
2,500	46,600	Subtotal	25,691	26,682	24,875	24,214	21,915	19,976
Self-Sustaining Reserves (Non-Tax Supported)								
25,000	90,000	General Utility Reserve	93,323	80,374	71,928	49,208	30,878	25,955
28,000	48,500	Solid Waste Reserve	30,019	29,922	39,569	49,412	59,455	69,703
200	3,500	Employer-Provided Parking Reserve	2,634	2,941	3,248	3,555	3,862	4,169
250	2,000	Golf Course Reserve	548	254	254	454	654	804
100	800	Cemetery Reserve	250	73	63	53	43	33
1,700	13,000	Planning & Sustainability Stabilization Reserve	(444)	(2,220)	(2,220)	(2,220)	(2,220)	(2,220)
-	-	Regina Revitalization Initiative Stadium Reserve	(1,780)	(6,082)	(6,301)	(4,900)	(3,734)	(2,481)
2,000	12,000	Land Development Reserve	(16,815)	(14,215)	(13,615)	(13,815)	(16,215)	(15,615)
57,250	169,800	Subtotal	107,735	91,047	92,926	81,747	72,723	80,348
84,250	275,550	Total	172,666	146,747	146,282	133,905	122,044	126,294

CONCLUSION

In 2019, \$15.0 million net withdrawal was made from reserves to fund various capital projects and support operating requirement, decreasing the reserve balance from \$187.7 million at the beginning of 2019 to \$172.7 million at the end of 2019. Operating reserves account for 23% of the reserve balance, capital reserves represent 15% of the balance, while a significant portion of reserves (62%) are self-sustaining reserves.

Of the 19 reserves maintained by the City, six were outside of the limit while 13 were within their limits. Administration is recommending that an excess amount of \$368,000 the Winter Road Maintenance Reserve be transferred to the General Fund Reserve.

Reserves are projected to decrease to \$146.7 million at the end of 2020 due to planned projects approved by Council in the 2020 budget.

Overall, the City reserve balance is considered reasonable compared to other municipalities and best practices. The City's reserve strength is underpinned by strong financial management and responsible fiscal practices that have resulted in high credit ratings. Administration will continue to monitor and manage reserves in accordance with the Reserve Policy and the Bylaw to ensure reserves continue to support Council priorities and the needs of the City.

Administration also recommends amending the minimum and maximum limits of the Regina Police Service General Reserve and the Regina Police Service Radio Equipment Reserve to meet best practices as approved by the Board of Police Commissioners in 2019.