

To: Electoral Area Services Committee
From: Mike Veenbaas, Director of Financial Services

Date: 2020-03-10
File No:

Subject: Boston Bar Water System Capital Reserve Establishment Bylaw

RECOMMENDATION

THAT the Fraser Valley Regional District give three readings and adoption to *Fraser Valley Regional District Boston Bar Integrated Water System Service Area Reserve Fund Establishment Bylaw No. 1590, 2020*.

STRATEGIC AREA(S) OF FOCUS

Provide Responsive & Effective Public Services

PRIORITIES

Priority #2 Air & Water Quality

BACKGROUND

Sections 373 of the *Local Government Act* and 188 of the *Community Charter* allows the Board to establish, by bylaw, a reserve fund for a specified purpose and direct that money be placed to the credit of that reserve fund. Funds placed into this reserve can only be used for the service area and purpose noted in the establishment bylaw.

DISCUSSION

Annual transfers from the operating budget, in addition to any unplanned operating surplus have been set aside in an Appropriated Surplus account. While these funds are restricted in that they can only be used for the Boston Bar Integrated Water System service, they are not restricted to items of a purely capital nature – building, equipment and infrastructure. Strong finance management practices suggest having funds that are earmarked for capital should be placed into a capital reserve to ensure they will be used for the intended purposes at some future date.

COST

There are no costs associated with establishing a reserve fund. Any funds placed into the capital reserve will be used as part of the adopted financial plan.

CONCLUSION

In order to establish a capital reserve for the Boston Bar Water System, a reserve fund establishment bylaw must be adopted.

COMMENTS BY:

Jennifer Kinneman, Acting Chief Administrative Officer:

Reviewed and supported.