

THE CORPORATION OF THE CITY OF CAMBRIDGE

By-law 23-024

Being a by-law to amend Schedule 'A' of By-law 2-17, being a by-law for establishing and maintaining Reserve Funds and Reserves, and to repeal amending by-laws 19-144 and 23-002

**WHEREAS** Section 417 of the Municipal Act, 2001, S.O. 2001, c.25 and amendments thereto, allows a municipality to provide for the establishment or maintenance of reserve funds for any purpose for which it has authority to spend money;

**WHEREAS** the City of Cambridge is operating a number of Reserve Funds and Reserves;

**WHEREAS** the authority for such Reserve Funds and Reserves and the purpose for which they are established is to be clear in all cases;

**WHEREAS** it is deemed expedient to consolidate the authority for all Reserve Funds and Reserves into one by-law;

**AND WHEREAS** the Council of the Corporation of the City of Cambridge adopted by-law 2-17 on the 24<sup>th</sup> day of January, 2017,

**NOW THEREFORE BE IT RESOLVED THAT the Corporation of the City of Cambridge enacts as follows:**

1. **THAT** Schedule 'A' of By-law 2-17, as amended or replaced, is hereby replaced with Schedule 'A' attached hereto.
2. **AND THAT** amending By-laws 19-144 and 23-002 are hereby repealed.
3. **AND THAT** the remainder of By-law 2-17 remain in full force and effect.
4. **AND THAT** this by-law shall come into full force and effect on the day it is passed.

Enacted and Passed this 28th day of March, 2023.

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MAYOR

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CLERK

**Schedule A to Reserve Reserve Fund By-Law**

Name	Purpose	Funding Source (Revenue)	Intended Use (Expenditure)	Funding Target
<b>Reserves &amp; Reserve Funds for Tax-Supported Operating Reserves</b>				
Rate Stabilization	To provide a contingency for unforeseen events, stabilize tax rate fluctuations caused by one time expenditures, previous years' operating deficits or revenue shortfalls and to maintain the City's cash flow by minimizing the need for short term borrowing.	Contribution from the operating budget. Operating fund surplus.	To offset extraordinary one-time pressures or phase-in significant impacts affecting the general levy and not to be considered a long-term sustainable funding source for general operations. To fund operating deficits.	5-15% of previous years tax revenues.  Once upper end of the target has been reached, the operating surplus will be transferred to a tax funded reserves/reserve funds of greatest need.
Library Rate Stabilization	To stabilize revenue streams and provide resources to respond to extraordinary events. This reserve will be used to moderate fluctuations in the Library tax levy during preparation of the annual operating budget and to protect the Library against unforeseen expenditures or unanticipated deficits that may occur in the fiscal year.	Contribution from the Library operating budget. Operating fund surplus from Library.	Contribution to operating fund for: 1. Funding of year-end operating deficits. 2. Funding of extraordinary events and unanticipated expenditures.	5-15% of the Library's previous year's operating budget revenues.
Hydro Dividend	To hold the proceeds of the hydro dividend in excess of the operating budget and to fund debt repayments on specified capital projects.	Contributions from the operating budget. Dividend proceeds from GrandBridge Energy Inc.	Contributions to the operating budget to fund existing commitments for debenture principal and interest payments. It is intended that, as debenture payment obligations are fully met, this source of revenue will shift to funding capital projects and creating greater long-term financial sustainability.  Contributions to capital projects including rehabilitation and replacement of existing assets in accordance with the City's asset management plan.	One year of dividend proceeds net of debt obligations.
Capital Works Debt Retirement	To stabilize the operating impact of any debt repayments.	Contribution from the operating budget. Operating fund surplus.	To fund debt payments to ensure the operating impact remains consistent over the budget period.	Reviewed annually to reconcile to the principal and interest payments.

**Schedule A to Reserve Reserve Fund By-Law**

Name	Purpose	Funding Source (Revenue)	Intended Use (Expenditure)	Funding Target
Heritage Conservation	To invest in architectural conservation.	Contribution from the operating budget and/or any unspent funds in the heritage grant program within the operating budget as determined through a year-end review.	To fund the acquisition, preservation and ongoing rehabilitation of heritage facilities or items of architectural/cultural significance.	N/A
Archives	To stabilize the annual costs related to conservation or acquisition of archival materials.	Contribution from unused budget allocations in the operating budget for conservation and acquisition of archival material.	To finance conservation or acquisition of archival materials.	Not to exceed \$50,000 and expenditures from the fund in any year will not exceed that year's budget allocation for acquisition and conservation unless such expenditure has the proper approval of Council.
Election	To amortize the cost of a municipal election over four years, rather than expensing the entire amount in the year of the election.	Contribution from the operating budget.	To fund election related operating expenditures.	Forecasted direct election expenditures. The projected cost of each election is to be accumulated over a four-year period.
Winter Maintenance	To offset the significant unfavorable winter maintenance operating budget variances due to severe winter conditions.	Contribution from the operating budget.  Operating fund surplus.	To fund any shortfall in the winter maintenance operating budget or defray costs of winter control in the City.  If winter permits the need for summer-type activities, i.e. street sweeping and cleaning, the required funds will be utilized from the winter maintenance reserve with the approval of the City Manager.	Up to 50% of the five-year historical average of winter control expenses. Any funds in excess of the ceiling will be allocated to the rate stabilization reserve.
Self Insurance	To fund any unforeseen claims that cause the city to go above the annual insurance operating budget.	Contribution from the operating budget.  Operating fund surplus.	To fund unforeseen claims and/or insurance deductible costs in excess of budget as determined through a year-end review.	Target minimum 2x average of the past 3 years annual costs. Target maximum not to exceed 3x average of the past 3 years annual costs.

**Schedule A to Reserve Reserve Fund By-Law**

Name	Purpose	Funding Source (Revenue)	Intended Use (Expenditure)	Funding Target
Affordable Housing	To hold funds for the purpose of the provision of affordable rental housing.	<p>Funds to be derived from developer contributions, plans of subdivisions/site plans, and from donations.</p> <p>Contribution from the operating budget.</p> <p>Operating fund surplus.</p>	To provide funding towards the City's Affordable Housing Community Improvement Plan and any affordable housing related policies. Funding may also be directed to the acquisition of land and construction costs directly related to the creation of affordable rental units. Funding would not be used for any costs associated with the operation, maintenance or repairs of existing or planned future affordable rental units. Funds are not intended to be used to finance any studies or consultant fees.	N/A
Tree Canopy Management	To hold funds for the purpose of planting trees on public and private property and to fund activities to grow tree canopy.	Funds derived from the permit process as per the private tree preservation By-Law and fees from planning & development applications process.	Funds will be spent on planting trees at locations on public and private property, promoting tree preservation programs, managing tree health and tree related disaster recovery.	N/A
Municipal Accommodation Tax	To hold and segregate the City's portion of the municipal accommodation tax revenue.	The City's portion of funds derived from the municipal accommodation tax, as per the Municipal Accommodation Tax By-Law.	Funds may be used for: market research; tourism, sport and cultural infrastructure (permanent and event related); bid and grant funding for international, national and provincial-scale events; major festival and event expansion/development; one-time festival, sport and event acquisition costs; sport/festival/event infrastructure – permanent or one-time infrastructure such as washrooms, seating, staging, fencing, wi-fi etc.; collaborative tourism marketing efforts; additional staff resources, if required, to support efforts above.	<p>Remain in a positive funded position.</p> <p>Minimum target balance equals previous years contribution received from local hoteliers through the municipal accommodation tax program.</p>

**Schedule A to Reserve Reserve Fund By-Law**

Name	Purpose	Funding Source (Revenue)	Intended Use (Expenditure)	Funding Target
<b>Discretionary Reserve Funds</b>				
Future Employee Benefits	To provide a source of financing to fund the cost of future employee benefits.	Contribution from the operating budget. Operating fund surplus. Investment income.	To fund the cost of future employee benefits provided by the City along with the early retirement incentive program or similar programs however the reserve is not to be depleted more than 10% for this purpose, with the limit being based on the opening balance in the fund at the beginning of the year.	Based on the most current actuarial obligation.
Workplace Safety & Insurance (WSIB)	To hold funds for the payment of qualified WSIB claims and other expenses to minimize tax rate impacts.	Contribution from the operating budget. Operating fund surplus. Investment income.	To assist in funding unforeseen WSIB claims and administrative expenditures.	Based on the most current actuarial obligation.
<b>Library Discretionary Reserve Funds</b>				
Facility Capital - Library	Created as a sub-reserve of the facility capital reserve fund to provide long term sustainable funding for replacements, retrofits and renovations of city library facilities.	Contribution from the Library operating budget. Operating fund surplus from Library. Investment income.	To fund replacements, retrofits or renovation items. If an item is:  (a) less than \$50,000 - expenditure forecast created in the operating budget with a contribution from the facility capital - library reserve fund.  (b) greater than \$50,000 -expenditure forecast created as a capital project with financing from the facility capital - library reserve fund and/or anyother financing sources.	When combined with forecasted new revenue and anticipated debt utilization, the balance in this reserve should provide for the needs outlined in the City's corporate asset management plan for the full lifecycle of the assets. As a minimum, the City will ensure that annual contributions is equal or exceeds the annual amortization from the prior year.
Library Furniture and Equipment	To provide long term sustainable funding for replacement of furniture and equipment at Library facilities.	Contribution from the Library operating budget. Operating fund surplus from Library. Investment income.	Funds to be used for the replacement of public-facing and staff furniture and equipment, including shelving.	Remain in a positive funded position.  Minimum target balance equals previous years contribution to operating fund.

**Schedule A to Reserve Reserve Fund By-Law**

Name	Purpose	Funding Source (Revenue)	Intended Use (Expenditure)	Funding Target
<b>Water Utilities Discretionary Reserve Funds</b>				
Wastewater Rate Stabilization	To provide a contingency for unforeseen events and stabilize wastewater rate fluctuations caused by one time expenditures, previous years' operating deficits or revenue shortfalls.	Funds from an annual wastewater operating budget contribution that is reviewed annually to ensure compliance.  And, 50% of the year end surplus from the wastewater operating fund until the funding target is reached.  Investment income.	To offset extraordinary one-time pressures or phase-in significant impacts affecting the wastewater rate and not to be considered a long-term sustainable funding source for general operations. To cover wastewater deficits.	Target balance between 5% to 15% of the rate revenue requirements as determined each year for the wastewater operating budget.
Water Rate Stabilization	To provide a contingency for unforeseen events and stabilize water rate fluctuations caused by one time expenditures, previous years' operating deficits or revenue shortfalls.	Funds from an annual water operating budget contribution that is reviewed annually to ensure compliance.  And, 50% of the year end surplus from the water operating fund until the funding target is reached.  Investment income.	To offset extraordinary one-time pressures or phase-in significant impacts affecting the water rate and not to be considered a long-term sustainable funding source for general operations. To cover water deficits.	Target balance between 5% to 15% of the rate revenue requirements as determined each year for the water operating budget.
<b>Capital Discretionary Reserve Funds</b>				
Capital Works	To provide a source of financing for general capital projects.	Funded through an annual operating budget allocation.  Surplus funds from capital projects.  Investment income.	To fund capital projects greater than \$50,000 as approved by Council including: the replacement and rehabilitation of capital infrastructure; studies and other projects; and to fund the portion of growth projects not eligible for alternative funding.	When combined with forecasted new revenue and anticipated debt utilization, the balance in this reserve should provide for the needs outlined in the City's corporate asset management plan for the full lifecycle of the assets. As a minimum, the City will ensure that annual contributions is equal or exceeds the annual amortization from the prior year.
Capital Works Committed	Sub-reserve of the capital works reserve fund. To be used as a holding account for any committed capital works funds and committed tax increment grants.	Contributions from the operating budget.  Reserve transfers.  Surplus funds from capital projects.  Investment income.	To fund capital projects greater than \$50,000 as approved by Council including: the replacement and rehabilitation of capital infrastructure; studies and other projects; and to fund the portion of growth projects not eligible for alternative funding. To fund approved tax increment grants.	When combined with forecasted new revenue and anticipated debt utilization, the balance in this reserve should provide for the needs outlined in the City's corporate asset management plan for the full lifecycle of the assets. As a minimum, the City will ensure that annual contributions is equal or exceeds the annual amortization from the prior year.

**Schedule A to Reserve Reserve Fund By-Law**

Name	Purpose	Funding Source (Revenue)	Intended Use (Expenditure)	Funding Target
Wastewater Capital	To provide long term sustainable funding for the replacement and major rehabilitation of the wastewater infrastructure.	Annual contribution from the wastewater operating budget and 50% of the year end surplus from the wastewater operating fund until such time as the cap within the wastewater rate stabilization reserve is reached.  When the cap within the wastewater rate stabilization reserve fund is reached, then 100% of the year end surplus from the wastewater operating fund will be transferred to the wastewater capital reserve fund.  Investment income.	To fund the replacement and major rehabilitation of the wastewater infrastructure for capital projects as identified in the wastewater capital budget and to provide funding for emergency or unforeseen needs.	When combined with forecasted new revenue and anticipated debt utilization, the balance in this reserve should provide for the needs outlined in the City's corporate asset management plan for the full lifecycle of the assets. As a minimum, the City will ensure that annual contributions is equal or exceeds the annual amortization from the prior year.
Water Capital	To provide long term sustainable funding for the replacement and major rehabilitation of the water infrastructure.	Annual contribution from the water operating budget and 50% of the year end surplus from the water operating fund until such time as the cap within the water rate stabilization reserve is reached.  When the cap within the water rate stabilization reserve fund is reached, then 100% of the year end surplus from the water operating fund will be transferred to the water system capital reserve fund.  Investment income.	To fund the replacement and major rehabilitation of the water infrastructure for capital projects as identified in the water capital budget and to provide funding for emergency or unforeseen needs.	When combined with forecasted new revenue and anticipated debt utilization, the balance in this reserve should provide for the needs outlined in the City's corporate asset management plan for the full lifecycle of the assets. As a minimum, the City will ensure that annual contributions is equal or exceeds the annual amortization from the prior year.
Cemetery Improvements	To provide funds for the perpetual care of City-owned cemeteries.	28% of funds from the sale of internment rights and 20% of funds from the sale of a crypt. The amount will be recommended by the community services department and adjusted from time to time as deemed necessary.  Investment income.	To fund improvements and replacements including buildings on cemetery lands, and general operation improvements and replacements.	When combined with forecasted new revenue and anticipated debt utilization, the balance in this reserve should provide for the needs outlined in the City's corporate asset management plan for the full lifecycle of the assets. As a minimum, the City will ensure that annual contributions is equal or exceeds the annual amortization from the prior year.
Cemetery Land Purchase	To provide funds for cemetery expansion including any land acquisition.	1% of funds from the sale of internment rights and 1% of funds from the sale of a crypt. The amount will be reviewed and adjusted from time to time as deemed necessary.  Investment income.	To fund cemetery expansion.	N/A

**Schedule A to Reserve Reserve Fund By-Law**

Name	Purpose	Funding Source (Revenue)	Intended Use (Expenditure)	Funding Target
Columbarium Purchase	To provide funds for the replacement of the City's columbarium units.	31% of all niche sales and 52% of funds from the sale of a crypt. Investment income.	To fund the replacement of the City's columbarium units, when all niche compartments have been sold.	N/A
Fleet Equipment	To fund the purchase of replacement fleet vehicles and equipment.	Year-end city operating surplus and/or contribution from the operating budget. Surplus funds from capital projects. Investment income.	To fund the replacement of fleet equipment. Equipment excludes office equipment, furnishings or building equipment such as boilers, air conditioners, etc. To fund fleet operating budget costs in excess of budget as determined through a year-end review.	When combined with forecasted new revenue and anticipated debt utilization, the balance in this reserve should provide for the needs outlined in the City's corporate asset management plan for the full lifecycle of the assets. As a minimum, the City will ensure that annual contributions is equal or exceeds the annual amortization from the prior year.
Facility Capital	To provide long term sustainable funding for replacements, retrofits and renovations of city facilities.	Funded through an annual operating budget allocation. Surplus funds from capital projects. Investment Income.	To fund replacements, retrofits or renovation items. If an item is:  (a) less than \$50,000 - expenditure forecast created in the operating budget with a contribution from the facility capital reserve fund.  (b) greater than \$50,000 - expenditure forecast created as a capital project with financing from the facility capital reserve fund and/or anyother financing sources.	When combined with forecasted new revenue and anticipated debt utilization, the balance in this reserve should provide for the needs outlined in the City's corporate asset management plan for the full lifecycle of the assets. As a minimum, the City will ensure that annual contributions is equal or exceeds the annual amortization from the prior year.
Soccer Facility Capital	To hold funds for future capital rehabilitation, replacements and/or additions to the indoor soccer facility.	Contributions from monthly rental revenues generated under the terms and conditions of the lease amending agreement between the Corporation of the City of Cambridge and Cambridge Youth Soccer.	For future capital rehabilitation, replacements and/or additions to the indoor soccer facility.	N/A
Public Art	To hold funds for the acquisition, maintenance and preservation of public art.	Annual contributions of \$25,000 from the capital works reserve fund and 1% of the costs of approved civic capital projects be allocated with construction budgets of \$100,000 or more. The 1% allocation from any one project will not exceed \$200,000 as outlined in C-30.140 Public Art Policy.	To fund the acquisition, maintenance and preservation of public art.	N/A



**Schedule A to Reserve Reserve Fund By-Law**

Name	Purpose	Funding Source (Revenue)	Intended Use (Expenditure)	Funding Target
Energy Conservation	To act as an internal revolving loan fund to support energy conservation.	Based on repayment terms established for project loans and the investment of principal balances not allocated to projects at any point in time. The repayment of these loans will be from the operating budget savings as a result of the energy conservation projects.  Investment income.	To finance energy conservation projects through internal borrowing, to make these improvements available to the community earlier than would otherwise be possible.	N/A
Economic Development	To acquire, service or develop land or to retire debt for industrial lands or services.	From the net proceeds from the sale of City owned industrial lands.  Investment income.	To be used to purchase industrial lands and make any necessary changes to the land to make it suitable for industrial development, or to fund economic development specific projects within the City.	N/A
Core Areas Transformation	Created as a sub-reserve of the economic development reserve fund with the objective of stimulating transformative investment to support city-building in the City's three urban core areas.	Initial source of funding derived through a transfer from the economic development reserve fund. Additional funding options could include assessment growth, hydro dividend revenue, internal borrowing from reserves, a property tax rate increase and/or a special capital levy.  Investment income.	To be used as a funding source to support initiatives that offer opportunities for partnerships with private sector companies, non-profits and public institutions in terms of long-term and legacy projects that will be catalysts for economic and residential growth, diversification, talent attraction, and increased employment promoting urban vitality in our core areas. As well, it will include opportunities for place-making projects that improve overall quality of life. The primary focus will be on bold community-building initiatives that draw people to live and work in our core areas.	N/A
Jacob Hespeler Field Capital	To hold funds for future capital rehabilitation, replacements and/or additions to the field, track, and related facilities and infrastructure at Jacob Hespeler Secondary School.	Contributions from monthly rental revenues generated under the terms and conditions of the License and Joint User Agreement between the Corporation of the City of Cambridge and Waterloo Region District School Board.  Investment income.	For future capital rehabilitation, replacements and/or additions to the field, track, and related facilities and infrastructure at Jacob Hespeler Secondary School.	N/A

**Schedule A to Reserve Reserve Fund By-Law**

Name	Purpose	Funding Source (Revenue)	Intended Use (Expenditure)	Funding Target
<b>Obligatory Reserve Funds</b>				
Cash in Lieu of Parking	To hold funds for the construction of municipal parking facilities in accordance with section 40(2) of the Planning Act, R.S.O. 1990.	Payments by developers in lieu of providing some or all of the parking required under zoning by-laws.  Investment income.	To provide funds to acquire land, parking lot construction, landscaping, parking lot lighting and long term parking lot maintenance.	N/A
Canada Community-Building Fund	To provide funding for investments in environmentally sustainable municipal infrastructure projects and capacity building projects as per the Municipal funding agreement for the transfer of Canada community-building revenue.	Semi-annual allocation of funds from the AMO on behalf of the Federal Government per the Agreement for the Transfer of Canada Community-Building Revenues.  Investment income.	Funds will be spent according to the standing legislation regarding the use of Canada community-building funding.	Funding agreement requires that all excess funds are to be placed in the Canada community-building fund to be allocated to future capital Canada community-building projects.
Development Charges - Wastewater	To defray net capital costs of growth-related services which may be provided by the City and for which the funds were raised.	Development charges as outlined in the Development Charge Study.  Investment income.	To fund growth related costs as outlined in the Development Charge Study.	Funding targets are based on Development Charge Study requirements.
Development Charges - Stormwater				
Development Charges - Water				
Development Charges - Roads				
Development Charges - Parks and Recreation				
Development Charges - Fire				
Development Charges - Library				
Development Charges - Public Works				
Development Charges - Engineering Studies				
Dev Charges - General Government				
Dev Charges - Municipal Parking				
Parkland Cash in Lieu	In lieu of conveying parkland within the planned development, a developer may opt to provide the City with cash-in-lieu; the City then takes on the responsibility of parkland development within the community.	Under Section 42, 51.1 & 53(13) of the Planning Act, R.S.O. 1990, c. P.13 municipalities are given the authority to request the conveyance of land to the City for parks at a rate of 5% for residential development and 2% of industrial and commercial development. Cash in lieu of parkland can be taken at the discretion of the municipality.  Investment income.	To provide funds to acquire active and/or passive parkland and the associated costs of getting the land ready for its intended purpose.	The funding level should be sufficient to purchase and develop new parkland opportunities and to provide funding for the upgrade of parks/facilities in areas undergoing intensification as required.

**Schedule A to Reserve Reserve Fund By-Law**

Name	Purpose	Funding Source (Revenue)	Intended Use (Expenditure)	Funding Target
Building Permit Stabilization	To provide a contingency for unforeseen reduced revenues resulting from economic downturn, stabilize building permit rate fluctuations caused by one time expenditures, previous years' operating deficits in Building operations or revenue shortfalls.	Operating surplus from building services division  Investment income.	To fund any shortfall in the annual Building Permit Fee Operating Budget.	Two years-worth of gross operating costs required to administer the Building Code Act.