



## **Governance and Priorities Committee Report**

### **For the Meeting of January 22, 2015**

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**To:** Governance and Priorities Committee  
**From:** Susanne Thompson, Director, Finance  
**Subject:** Reserve Fund Policy Review Update

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**Date:** January 9, 2015

#### **Executive Summary**

The purpose of this report is to provide an update on the reserve fund policy review.

As part of the financial planning process, a review of the City's Reserve Fund Policy was initiated. This review includes determining whether the purpose of each reserve fund is still relevant, as well as determining target balances for each reserve.

Based on analysis to date, preliminary findings are that in general, the City's reserve balances and policies appear to be strong in addressing what is known. If what is included in the 2014-2033 capital plan were the only capital needs, the City could likely focus on maintaining reserves rather than building them up. However, there is a significant element of unknown capital needs in relation to facilities that is not contained in the current capital plan. A facilities assessment would reduce this information gap and enable analysis to determine adequate funding levels for the Buildings and Infrastructure Reserve.

The reserve fund policy review is scheduled to be finalized in February and a report will be brought to Council in March.

#### **Recommendation:**


That Council direct staff to report back in March.

Respectfully submitted,

  
Susanne Thompson  
Director, Finance

**Report accepted and recommended by the City Manager:**

**Date:**

  
January 15, 2015

## **Purpose**

The purpose of this report is to provide an update on the reserve fund policy review.

## **Background**

As part of the financial planning process, a review of the City's Reserve Fund Policy (attached as Appendix A) was initiated with the assistance of an external consultant, FCS Group. This review includes determining whether the purpose of each reserve fund is still relevant, as well as determining target balances for each reserve.

The City's reserves were established by bylaw under section 188 of the *Community Charter*. The legislation requires that money in a reserve fund must be used for the purpose for which the fund was established. However, Council can make changes to reserves funds, including eliminating them, if the amount in a reserve is greater than what is required for the purpose for which the fund was established. There are some restrictions to this, including that funding in a capital reserve must be transferred to another capital reserve.

The Reserve Fund Policy outlines the purposes for each reserves and how the funding can be allocated. The majority of the City's reserves are used for capital purposes.

Historically, the City's capital plan has been funded by a combination of property taxes, utility user fees, grants, debt and reserves. Approximately one third of the City's typical \$30-\$35 million capital budget has been funded from reserves. Typically, vehicle and equipment replacements, remediation of City properties, and some building upgrades are funded from reserves. Larger projects, such as a bridge replacement or construction of an arena, have primarily been funded through debt and grants.

## **Issues & Analysis**

The focus of the review to-date has been on the capital reserves as they are a significant funding source for the capital budget. The following summarizes some of the considerations for policy development and target balances.

### Policy development and purpose of reserves

Policies involve an element of choice. The goal of the policy review is to research best practices and develop the policy rationale to guide decision making.

A reserve is intended to accumulate a fund balance for a defined future need or a potential need. A reserve that is always growing and never used is not accomplishing its purpose. Particularly for capital reserves, fluctuations mean that the reserve is being used and is needed.

In general, there are two primary purposes of reserves: capital funding mechanism (save up in advance of need to smooth impact of large investments); and to address risks of various types. One area of overlap between risk reserves and capital reserves is when insufficient information is available about capital needs. Capital reserves offer both a vehicle for planned funding of known capital needs and also a contingency in the event of capital needs that are large, urgent and unplanned. Therefore, target balances for capital reserves need to be higher in the absence of complete information.

### Target balances

The review includes determining what the target reserve fund balances should be. The goal is to develop a methodology for determining the minimum and maximum balances for each reserve, rather than determining a fixed amount. The research underway includes analysis of the following:



1) comparisons with other jurisdictions, 2) Government Finance Officers Association best practices, 3) City's own policies and historical commitment to reserve funding, 4) balancing of planned reserves against known capital needs (smoothing the demand), and 5) total existing capital assets to assess the risk of the unknown capital needs.

#### Preliminary review findings

Two preliminary findings are:

1. To be able to assess the overall risk and funding needs, a facilities assessment is critical as it will identify and quantify currently unknown needs for facilities such as the library, police headquarters, City Hall and curling club. The unknown is too large at the moment to be able to reliably determine an appropriate target balance for the Buildings and Infrastructure Reserve.
2. Based on the potential size of the unknown needs, it is prudent to continue to set aside funding in reserves.

#### Timeline

This review is scheduled to be finalized in February and a report will be brought to Council in March. That report will recommend potential changes to reserves as well as a methodology for determining target reserve fund balances for Council's consideration. As a result of insufficient information regarding facilities, the March report will be unable to outline an exact target balance for the Buildings and Infrastructure Reserve. However, the methodology can be used to calculate that target balance once a facilities assessment has been developed. In addition, the facilities assessment information will be incorporated into the 2016-2035 Capital Plan.

#### **Conclusions**

Based on analysis to date, preliminary findings are that in general, the City's reserve balances and policies appear to be strong in addressing what is known. If what is included in the 2014-2033 capital plan were the only capital needs, the City could likely focus on maintaining reserves rather than building them up. However, there is a significant element of unknown capital needs in relation to facilities that is not contained in the current capital plan. A facilities assessment that identifies all these capital needs would reduce this information gap and enable analysis to determine adequate funding levels for the Buildings and Infrastructure Reserve.

#### **Recommendation**

That Council direct staff to report back in March.

<i>Department of Finance Policies and Procedures</i>	
Reserve Funds	Policy #
Authorized by: City Council	Date of issue: September 30, 2004  Revised: September 2, 2014

**Purpose**

The purpose of the Reserve Fund Policy is to provide guidance with respect to the development, maintenance, and use of City Reserve Funds.

**Guiding Principles**

All Reserves Funds must be established, maintained and used for a specified purpose mandated by this policy, statute, or City by-law.

Annual operating surpluses are to be transferred to the Equipment and Infrastructure Reserve or the appropriate Financial Stability Reserve in each fund and used in accordance with the priorities outlined in this policy.

The City shall strive to develop appropriate reserves to meet future financial obligations with respect to City equipment and infrastructure, fiscal needs and employee benefit obligations.

**Primary Objectives**

Reserves shall be established and expended to:

**1. Ensure Stable & Predictable Levies**

The City recognizes that unstable and unpredictable tax levies can adversely affect residents and businesses in Victoria. In order to maintain stable and predictable levies, the City will maintain sufficient reserves to buffer the impact of unusual or unplanned cost increases and revenue reductions over multiple budget cycles.

**2. Provide for Operating Emergencies**

The City is exposed to unusual operating emergencies resulting from inclement weather, catastrophic events, law enforcement issues, environmental hazards and so on. It may not be feasible, or cost-effective, to absorb the costs of such emergencies during one budget cycle. The City will maintain adequate reserves to avoid such emergencies, extensive service interruptions, and prevent risks to infrastructure and public safety.

**3. Finance New Capital Assets**

Use of Reserves for financing new capital assets is an effective means of matching one-time funds to one-time capital projects. In addition, the City requires financial resources to quickly respond to opportunities that could provide capital infrastructure through private sector partnerships, and other alternative service delivery methods.

**4. Safeguard and Maximize Existing Assets**

The City has an inventory of specialized machinery, equipment and technology systems necessary for the efficient delivery of services to the public, which needs to be replaced on well-defined lifecycle standards. The City also has a need to provide insurance against unforeseen losses of these and other assets and claims against its assets where it is found legally liable.



## Appendix A

### **General Criteria**

Reserves shall be established, maintained and used in accordance with the following General Criteria.

#### **1. Least Cost to Taxpayers**

Reserves should support the least cost alternative in the long-term for delivering standards of service adopted by Council. This means they will be used to:

- Buffer the effects of large cost increases and revenue reductions and allow time to adjust City service costs or revenue generation to avoid unnecessary tax increases, and
- Provide internal capital financing which is more cost-effective than external borrowing or leasing.

#### **2. Fairness & Equity to Taxpayers**

Reserves should serve to balance the impact of the operating costs and capital costs, on both current and future taxpayers by:

- Applying Reserves derived from one-time revenue sources to one-time capital or operating projects.
- Applying Reserve Funds and current revenues in a ratio, which recognizes the appropriate sharing of savings from current taxpayers with contributions from future taxpayers (this will likely require repayment of all, or a portion of, Reserves from future rates or user fees).

#### **3. Meets Statutory and Legal Requirements**

Reserves must meet the requirements of the Community Charter, Federal statutes, City By-Laws or any other contract or judgment enforceable by law.

#### **4. Meets Accounting Standards**

Reserves must meet generally accepted accounting principles (GAAP) and accounting standards applicable to local governments (PSAB).

### **Policy Administration**

The Director of Finance shall be responsible to:

- Ensure the Reserve Funds are established and maintained in compliance with this Policy.
- Conduct an annual review of the Reserve Funds and report the results to City Council.
- On an "as required basis", recommend revisions or amendments to this Policy, due to changes in applicable statutes, accounting standards, or economy.

### **Administrative Criteria**

#### **1. Unique Corporate Purpose**

Reserves must have a unique and specific corporate purpose. Every effort must be made to:

- Reduce complexity by combining amounts with similar purposes
- Eliminating those with redundant or outdated purposes, and
- Re-focus departmental reserves to corporate purposes and strategic plans.

#### **2. Interest and Calculation Method**

All Reserves Funds will earn interest each year. Interest will be calculated based on the audited fund balance at the end of the prior year. The interest rate used will be the determined on an annual basis.

#### **3. Minimum and Maximum Balances**

A minimum and maximum balance shall be established for each Reserve Fund. A minimum balance will ensure that each fund is not depleted to the degree that it is no longer able to serve its intended purpose. A maximum balance ensures that it does not grow beyond its intended purpose.

#### **4. Repayment Period**

A time period shall be specified for the repayment or replenishment of each Reserve Fund to its specified minimum or maximum balance.

#### **5. Business Case Requirements**

A business case shall be provided specifying the purpose, benefits and method of repayment for each proposed Departmental use of a reserve fund, except as provided by statute, City by-law or Council policy. A business case will be subject to the applicable budget, ranking or other prioritization process, and Council approval.

## **Appendix A**

### **Reserve Funds**

City of Victoria Reserve Funds are established under the authority of the Community Charter and are each supported by a bylaw that outlines the purpose and use of each fund.

A description of each of the different types of Reserve Funds covered by this policy is outlined below:

### **Financial Stability Reserves**

#### **Description**

Financial Stability Reserves are required to ensure the ongoing financial stability and fiscal health, of all City Entities. Each reserve is funded from the year-end surplus from the appropriate entity (i.e. Operating Fund, Police Department, Water Utility, and Sewer Utility).

#### **Guidelines for Using Funds**

A Council Resolution or an Adopted Budget Bylaw is required for all appropriations from the Financial Stability Reserve Funds.

All appropriations from Financial Stability Reserves are to be considered in accordance with the following priorities.

#### **1. Operating and Environmental Emergencies**

- These appropriations are the highest priority and are based on public safety and demand nature of the expenditure.

#### **2. Revenue Stabilization and Operating Contingency**

- These appropriations are intended to stabilize the impacts of cyclical revenue downturns and operating cost increases that are largely temporary and not within the City's ability to adjust in the short-term.

#### **3. Innovation Fund**

- As an incentive to encourage creativity and innovation, appropriations may be made to fund departments and/or workgroups that would like to explore innovative and creative solutions directed towards making the Corporation more efficient and effective.
- Business cases requesting use of these funds require that the replenishment methods be specified. These would include future departmental cost or service level adjustments or additional revenue generation necessary to "top up" the accounts over a three-year period.



### Equipment and Infrastructure

#### **Description**

Equipment and Infrastructure Reserves are established to create a funding source for buildings and infrastructure capital projects, new equipment purchases and capital equipment replacement programs. Currently, the city has established equipment and infrastructure reserve funds for the following purposes:

- **Police Vehicles, Equipment and Infrastructure** – This reserve is to fund the replacement and purchase of Police vehicles and equipment. This reserve is funded by annual depreciation contributions included in the Police operating budget.
- **Police Emergency Response Team Vehicles and Equipment** - This reserve is to fund the replacement and purchase of equipment for the Regional Emergency Response Team. The reserve is funded by the annual surplus from the ERT Program.
- **Victoria Conference Centre Equipment and Infrastructure** – This reserve was established to provide a source of funds to properly maintain the Conference Centre building and furnishings. This reserve is also used to fund equipment replacements and new equipment purchases. The reserve is funded by the annual surplus from the Conference Centre.
- **City Equipment** - This reserve is to fund the replacement and purchase of City equipment. This includes equipment replacement programs, computer equipment and software, office furniture, etc. This reserve is funded by annual depreciation contributions included in the City operating budget.
- **City Vehicles and Heavy Equipment** – This reserve is to fund the purchase and replacement of City vehicles and heavy equipment. This reserve is funded by annual depreciation contributions included in the City operating budget.
- **City Buildings and Infrastructure** – This reserve was established to provide a source of funds to properly maintain City Buildings and Infrastructure. This reserve is funded by annual budget contributions that are increasing by \$500,000 per year until the reserve attains an adequate funding level. This increase is subject to annual Council approval.
- **Parking Services Equipment and Infrastructure** – This reserve was established to provide a source of funds to properly maintain the City parkades. The reserve is also used to fund Parking Services equipment replacement and new equipment purchases. This reserve is funded from annual depreciation contributions included in the City's operating budget.
- **Multipurpose Equipment and Infrastructure** – This reserve was established to provide funding for equipment replacement and maintaining the Multipurpose Facility. This reserve is funded by annual depreciation contributions from the City's operating budget and RG Properties.
- **Recreation Facilities Equipment and Infrastructure** – This reserve was established to provide a source of funds to properly maintain City Recreation Facilities. The reserve is also used to fund equipment replacement and new equipment purchases for City Recreation Facilities. This reserve is funded from user fees assessed on tickets to events and facility rentals.
- **Archives Equipment** – This reserve is to fund the purchase and replacement of Archives material and equipment. The funding for this reserve comes from grants and donations.
- **Strategic Planning Initiatives** – This reserve was established to provide a source of funds to help implement Corporate Strategic Planning Initiatives.



## Appendix A

- **Artificial Turf Field** - This reserve was established to provide a source of funds for replacement of the Finlayson field carpet and amenities and for future development of artificial turf fields. This reserve is funded from the fees collected from the rental of the Finlayson field.
- **Gas Tax** - The Governments of Canada, British Columbia and the UBCM entered into the Gas Tax Agreement on September 19, 2005. The Agreement is focused on achieving three environmental sustainability outcomes: reduced greenhouse gas emissions, cleaner water and cleaner air. The Community Works Fund provides annual contributions into this reserve.
- **Water Utility Equipment and Infrastructure** - This reserve was established to provide a source of funds to properly maintain the Water Utility Infrastructure. The reserve is also used to fund Water Utility equipment replacement and new equipment purchases. The reserve should be funded by annual budget contributions from the Water Utility.
- **Sewer Utility Equipment and Infrastructure** - This reserve was established to provide a source of funds to properly maintain the Sewer Utility Infrastructure. The reserve is also used to fund Sewer Utility equipment replacement and new equipment purchases. The reserve should be funded by annual budget contributions from the Sewer Utility.
- **Stormwater Utility Equipment and Infrastructure** - This reserve was established to provide a source of funds to properly maintain the Stormwater Utility Infrastructure. The reserve is also used to fund Stormwater Utility equipment replacement and new equipment purchases. The reserve should be funded by annual budget contributions from the Stormwater Utility.

### Guidelines for Using Funds

Use of equipment and infrastructure reserves is restricted to the following types of purchases:

- Major construction, acquisition, or renovation activities as defined in the Capital Asset Policy that add value to the municipal physical assets or significantly increase their useful life. Some examples include:
  - Renovation and construction projects pertaining to new or existing city buildings,
  - Renewal, replacement, enhancement or construction of city infrastructure, sewers, storm drains, water distribution systems, buildings, roads, sidewalks, traffic systems, parks, etc.
- Vehicles and heavy equipment, individual pieces of equipment and ongoing annual equipment replacement programs as defined in the Capital Asset Policy.

**Note:** A Council Resolution or an Adopted Budget Bylaw is required for all appropriations from the Reserve Funds. Further, a Council Resolution is required to create additional reserve fund categories, delete categories or shift funds between categories.

### **Employee Benefit Obligations**

#### **Description**

Reserves for employee benefit obligations will be established where the City is incurring a retirement benefit liability or other employee related liability, which the City is obligated to pay at some future date. Current reserves established include:

- **Police Retirement Benefits** – This reserve is to fund retirement benefits (one months pay and vested sick leave) accrued to retiring Police officers. This reserve is funded by annual contributions included in the Police operating budget.
- **Police Employee Pension Buybacks** – Police employees are entitled to purchase additional pension service time related to their probation period, provided they were not covered by pension. The City is obligated to pay 50% of the cost once the employee retires or reaches 55 years of age. This reserve was established to fund the City's share of costs for employees purchasing pension service for probation periods. This reserve is funded by annual contributions included in the Police operating budget.
- **Police Pension Corporation Over Contributions** – This reserve was established to accumulate the City's share of Police pension over contributions. These amounts are payable to the employee upon retirement. This reserve is funded from pension contributions refunded to the City by the BC Pension Corporation.
- **City Retirement Benefits** - This reserve has been established to help fund retirement benefits (one months pay and vested sick leave) accrued to retiring City Employees. This reserve is funded by annual contributions included in the City's operating budget.
- **City Employee Pension Buybacks** - City employees are entitled to purchase additional pension service time related to their probation period provided they were not covered by pension. The City is obligated to pay 50% of the cost once the employee retires or reaches 55 years of age. This reserve was established to fund the City's share of costs for employees purchasing pension service for probation periods. This reserve is funded by annual contributions included in the City's operating budget.
- **City Pension Corporation Over Contributions** - This reserve was established to accumulate the City's share of Firefighter pension over contributions. These amounts are payable to the employee upon retirement. This reserve is funded from pension contributions refunded to the City by the BC Pension Corporation.

#### **Guidelines for Using Funds**

Use of funds is restricted to the purpose for which each fund was established. Funds may only be accessed to supplement funding a retirement payout.

**Note:** A Council Resolution or an Adopted Budget Bylaw is required for all appropriations from these Reserve Funds. Further, a Council Resolution is required to create additional reserve fund categories, delete categories or shift funds between categories.



### **Economic Development**

#### **Description**

The Economic Development Reserve has been established to provide a source of funds for capital projects that relate to, or help promote Economic Development within the City of Victoria. This reserve is funded from a budget contribution based on an increase in Business License fees.

#### **Guidelines for Using Funds**

These funds are available for capital projects that relate to, or help, promote Economic Development within the City of Victoria. This may include downtown revitalization projects, tourism related projects, construction projects, etc.

**Note:** *A Council Resolution or an Adopted Budget Bylaw is required for all appropriations from this Reserve Fund. Further, a Council Resolution is required to create additional reserve fund categories, delete categories or shift funds between categories.*

### **Fiscal**

#### **Description**

In order for the City to maintain its Financial Health and meet future fiscal obligations, the City must establish certain fiscal reserves. Currently, the City has established the following Fiscal Reserves:

- **Debt Reduction** – This reserve was established to provide a source of funds to finance internal borrowings, local improvements and paying down the City's outstanding debt. It is currently being funded from the City's share of surpluses identified in MFA Sinking Funds and payment holidays on debt issues.
- **Reserve for Insurance Claims** – This reserve was established to provide a source of funds for liability claims not covered under our Insurance Policies.
- **Working Capital** – This reserve fund was established to ensure we meet cash flow requirements, provide contingencies for unpredictable revenue sources, and provide contingencies for emergencies (such as natural disasters). Currently there is no funding source for this reserve.

#### **Guidelines for Using Funds**

**Note:** *A Council Resolution or an Adopted Budget Bylaw is required for all appropriations from these Reserve Funds. Further, a Council Resolution is required to create additional reserve fund categories, delete categories or shift funds between categories.*

### **Development Cost Charges**

#### **Description**

This reserve is required by the Community Charter to account for the proceeds from development cost charges levied against new developments. The reserve is funded from the proceeds of development cost charges levied.

#### **Guidelines for Using Funds**

Use of these funds is governed by the Development Cost Charge Bylaw and restricted to the funding approved projects as allowed by that bylaw.

**Note:** *An Adopted Budget Bylaw is required for all appropriations from this Reserve Fund. Further, an amendment to the Development Cost Charge Bylaw is required to create additional reserve fund categories, delete categories or shift funds between categories.*

### **Tax Sale Lands**

#### **Description**

The Tax Sale Lands Reserve was established to account for proceeds from any sales of City land and buildings. This reserve is funded from all sales of City land and buildings.

#### **Guidelines for Using Funds**

These funds are available for building and land purchases and capital expenditures required for preparing City properties to sell (i.e. remediation, servicing, etc.)

**Note:** *A Council Resolution or an Adopted Budget Bylaw is required for all appropriations from this Reserve Fund. Further, a Council Resolution is required to create additional reserve fund categories, delete categories or shift funds between categories.*

### **Parks and Greenways Acquisition**

#### **Description**

This reserve was established to provide a source of funds for purchasing Park Lands. It is currently funded from 10% of the proceeds of any City land sale.

#### **Guidelines for Using Funds**

These funds are available for purchasing park lands or lands to be developed into a park.

**Note:** *A Council Resolution or an Adopted Budget Bylaw is required for all appropriations from this Reserve Fund. Further, a Council Resolution is required to create additional reserve fund categories, delete categories or shift funds between categories.*



## Appendix A

### **Local Amenities**

#### **Description**

This reserve tracks and accounts for monies received from a developer, for public amenities related to specific developments (i.e. pathways, parks, docks, etc.). This reserve is funded from contributions by Developers.

#### **Guidelines for Using Funds**

Use of these funds is restricted to the purpose for which each contribution was based on.

**Note:** *A Council Resolution or an Adopted Budget Bylaw is required for all appropriations from this Reserve Fund. Further, a Council Resolution is required to create additional reserve fund categories, delete categories or shift funds between categories.*

### **Victoria Housing**

#### **Description**

This reserve has been established to provide a source of funds to help fund housing projects including projects that fall under the Secondary Suite Incentive Program. The reserve is funded by annual contributions included in the City's Operating Budget.

#### **Guidelines for Using Funds**

Use of these funds is restricted to the funding of housing projects including those that fall under the Secondary Suite Incentive Program.

**Note:** *A Council Resolution or an Adopted Budget Bylaw is required for all appropriations from this Reserve Fund. Further, a Council Resolution is required to create additional reserve fund categories, delete categories or shift funds between categories.*

### **Dockside Affordable Housing**

#### **Description**

This is a reserve that has been established to provide a source of funds to help fund affordable housing projects in Dockside. The Dockside Master Development Agreement outlines certain requirements around affordable housing that the developer has to meet. There is an option to provide cash instead of the affordable housing requirements. Those funds would be put into this reserve. In addition, the reserve is funded by 20% of the building permit fees applicable to the Dockside development.

#### **Guidelines for Using Funds**

Use of these funds is restricted to the funding of affordable housing projects in Dockside.

**Note:** *A Council Resolution or an Adopted Budget Bylaw is required for all appropriations from this Reserve Fund. Further, a Council Resolution is required to create additional reserve fund categories, delete categories or shift funds between categories.*

### **Climate Action**

#### **Description**

This reserve has been established to provide a source of funds for funding climate mitigation and adaptation strategies that target energy and GHG reductions associated with facilities or transportation of either City-owned assets or Community public lands and services. This reserve is funded by the Climate Action Revenue Incentive Program (CARIP) grants.

#### **Guidelines for Using Funds**

Use of these funds is restricted to the funding of climate change initiatives.

**Note:** *A Council Resolution or an Adopted Budget Bylaw is required for all appropriations from this Reserve Fund. Further, a Council Resolution is required to create additional reserve fund categories, delete categories or shift funds between categories.*

### **Art in Public Places**

#### **Description**

This reserve has been established to provide a source of funds for art in public spaces and expand opportunities for artists and members of the public to participate in the process. The Arts in Public Places policy outlines the funding formula for this reserve.

#### **Guidelines for Using Funds**

Use of these funds is restricted to the funding of art in public places initiatives.

**Note:** *A Council Resolution or an Adopted Budget Bylaw is required for all appropriations from this Reserve Fund. Further, a Council Resolution is required to create additional reserve fund categories, delete categories or shift funds between categories.*

### **Downtown Core Area Public Realm Improvements**

#### **Description**

This reserve has been established to assist in funding improvements that tangibly and visibly improve the physical condition, appearance and function of the public realm within the Downtown Core Area and provide a public benefit to the overall surrounding area.

This reserve is funded by monetary contributions provided to the City of Victoria as part of the Density Bonus System described in the *Downtown Core Area Plan*. The *Downtown Core Area Plan* outlines the funding formula for this reserve.

#### **Guidelines for Using Funds**

Use of these funds is restricted to the funding of public realm improvements that support the objectives and policies of the *Downtown Core Area Plan*.

**Note:** *A Council Resolution or an Adopted Budget Bylaw is required for all appropriations from this Reserve Fund. Further, a Council Resolution is required to create additional reserve fund categories, delete categories or shift funds between categories.*



### **Heritage Buildings Seismic Upgrades**

#### **Description**

This reserve has been established to assist in funding a portion of the cost of seismic upgrading as part of the re-use, retrofit and conservation of eligible heritage buildings within the Downtown Neighbourhood.

This reserve is funded by monetary contributions provided to the City of Victoria as part of the Density Bonus System described in the *Downtown Core Area Plan*. The *Downtown Core Area Plan* outlines the funding formula for this reserve.

#### **Guidelines for Using Funds**

Use of these funds is restricted to funding a portion of the cost of seismic upgrading of eligible heritage buildings as described in the *Downtown Core Area Plan*.

**Note:** *A Council Resolution or an Adopted Budget Bylaw is required for all appropriations from this Reserve Fund. Further, a Council Resolution is required to create additional reserve fund categories, delete categories or shift funds between categories.*