

# CITY OF CAMPBELL RIVER COUNCIL FINANCE POLICY

Adopted: September 12, 2000

Council Resolution No. 00-762

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## 2. FINANCE

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**Amendment Oct 09/01 Res. #01-0698, Section 2.1 replaced entirely Jan 23-17 Res. #17-0031, Sec. 2.1 replaced entirely Apr 27-23 Res. #23-0186**

### 2.1 DEBT POLICY

#### 2.1.1 PURPOSE OF POLICY

The purpose of the City's debt policy is to establish financial guidelines and appropriate controls for the procurement and use of debt and to ensure a sound financial position is maintained while supporting the City's ability to meet current and future challenges.

#### 2.1.2 DEFINITIONS

**“Alternative Approval Process”** is one of the two forms of electoral approval to support a bylaw. Pursuant to section 86 of the *Community Charter*, after a specified public notice period, alternative approval is obtained if no more than 10% of eligible electors have signed elector response forms indicating that Council may not proceed with the loan authorization bylaw.

**“Capital Assets”** are the City's assets that are used in the delivery of services and have estimated useful lives extending beyond one year.

**“Core Assets”** are the City's infrastructure that provides core service levels to the taxpayers, primarily linear and related infrastructure including roads and transportation, storm water, sewer, water, in addition to City facilities.

**“Debt Servicing Costs”** are the annual repayment costs of debt which include scheduled principal and interest payments. Debt servicing costs will be funded by the respective fund operating budget revenues, property taxation or user fees.

**“Elector Approval”** is the approval of the electors to support a bylaw which can be obtained by either referendum or with the alternative approval process. External borrowing requires elector approval under most circumstances per section 180 of the *Community Charter*.

**“Financial Stability & Resiliency Policy”** is the Policy to support strategic long-term planning. The Policy includes many components to ensure focus is on long-term stable tax increases and ongoing funding to support service levels. The components include a ten-year financial plan, reserve restructure and policy, net funding model for reserve contributions, waterfall system for reserve balances, and budget parameters providing stable funding for base operating budget, demands for new services, ongoing capital funding, and asset infrastructure management.

**“Liabilities Under Agreements”** is the proceeds from short-term borrowing under section 175 of the *Community Charter*. The maximum allowable term is five years, must be of capital nature and cannot be transferred to long-term debt. Council must pass a resolution authorizing the debt for the project and specifying the principal repayment terms.

**“Long-Term Borrowing”** is the proceeds from borrowing with an underlying loan authorization bylaw approved by the Ministry and the electorate pursuant to section 179 of the *Community Charter*. Debt is generally used for a capital project and the debt term cannot exceed the lesser of the estimated useful life of the underlying asset or thirty years.

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**“Referendum”** is one of the two forms of elector approval to support a bylaw. Pursuant to section 85 of the *Community Charter*, assent of the electors by referendum is obtained only if a majority of the votes counted are in favour of the loan authorization bylaw.

**“Revenue Anticipation Borrowing”** is the proceeds from borrowing under section 177 of the *Community Charter*. The maximum allowable term is one year and is to be repaid with revenue from property taxes. Debt must be used to meet current lawful expenditures and pay amounts required to meet the municipalities taxing obligations in relation to another local government or public body.

**“Short-Term Borrowing”** refers to the following types of borrowing: Revenue Anticipation Borrowing, Short-Term Capital Borrowing, Temporary Borrowing, and Liabilities Under Agreements

**“Short-Term Capital Borrowing”** is the proceeds from borrowing with an underlying short-term capital borrowing bylaw approved by the Ministry pursuant to section 178 of the *Community Charter*. Debt must be used for a capital project and the debt term must be payable no later than the lesser of 5 years or the reasonable life expectancy of the capital asset. The prescribed limit is set under BC Reg. 368/2003.

**“Temporary Borrowing”** is short-term borrowing less than five years that is utilized for the construction period of a capital project. The temporary borrowing bylaw provides financing up to the amount approved under an adopted long-term loan authorization bylaw pursuant to section 181 of the *Community Charter*.

### 2.1.3 POLICY ADMINISTRATION

#### 2.1.3.1 RESPONSIBILITIES

The Finance Department management shall be responsible for:

- Ensuring the use of debt funding as a financing tool is utilized in compliance with this policy.
- Ensuring the management and maintenance of existing debt is in compliance with this policy.
- On an “as required” basis, recommend revisions or amendments to this policy due to changes in financial stability, capital financing needs, applicable statutes, accounting standards, or the economy.

The procurement of new debt must be approved by City Council.

#### 2.1.3.2 DEBT APPROVAL PROCESS

The use of debt as a funding source for projects in the financial plan, and related debt servicing costs will be approved by Council through the City’s annual financial planning bylaw. Debt servicing costs must be affordable and sustainable within the City’s *Financial Resiliency & Stability Policy*.

Pursuant to section 182 of the *Community Charter*, long-term debt must be undertaken by the City’s applicable regional district, the Strathcona Regional District.

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### 2.1.3.3 LENDING INSTITUTIONS

The City must borrow long-term debt from the Municipal Financing Authority (MFA), pursuant to section 410 of the *Local Government Act*. The City may borrow short-term debt from the MFA or the bank.

### 2.1.3.4 INTEREST

All debt procurements will accumulate interest expense each year which will be funded by the respective funds primary revenues, whether property taxation or user fees.

### 2.1.3.5 INTERNAL BORROWING

The City has established an internal borrowing reserve under section 189 (4.2) of the *Community Charter*, the capital lending reserve, which provides flexibility to fund capital projects that would not otherwise be affordable given existing reserve balances. The City's reserve and surplus policy states that each project funded by the capital lending reserve must have clearly defined and attainable payback plans up to a fifteen-year term, including payment of foregone interest.

### 2.1.3.6 BORROWING LIMITS

Limits shall be established to determine the affordable levels of debt and related debt servicing costs for the City. A review of the borrowing limits shall be undertaken as required with consideration of the flexibility, sustainability, and vulnerability of the City's financial position today and in the future. Intergenerational equity shall be considered which can be defined as achieving a fair, equitable balance of costs and benefits between present and future users for the costs of maintaining City infrastructure.

## 2.1.4 GUIDING PRINCIPLES AND OBJECTIVES

### 2.1.4.1 GUIDING PRINCIPLES

Incurring debt commits a municipality's revenues several years into the future and may limit the government's flexibility to respond to changing service priorities, revenue inflows, or cost structures. Adherence to a debt policy ensures debt is procured and managed sensibly in order to maintain a sound fiscal position and protect credit quality.

The City's management of debt shall conform to the statutory and legal requirements including the *Community Charter and Local Government Act*.

### 2.1.4.2 OBJECTIVES

The primary objectives of the City's use of debt are to:

#### a. Provide Funding for the Capital Plan

Debt will be utilized primarily for financing capital projects. Short-term debt can be utilized to finance short-term capital projects, for a financial emergency that was not anticipated or where financially advantageous.

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### b. Fairness and Stability for Taxpayers

The use of external debt financing and internal reserves to fund the City's capital plan ensures fairness to both current and future City taxpayers. Debt financing provides long-term payback of significant investment in capital assets, which provides a greater correlation between the lifecycle of the related asset and the payment for that asset. Core facility and infrastructure assets have long useful lives which support long-term debt terms.

The City will strive to be proactive in achieving long-term financial stability and balancing the costs of maintaining stable tax increases for current and future taxpayers.

### c. Maintain Service Levels

In order for the City to maintain its service levels, core infrastructure assets must be maintained and upgraded to meet the demands of taxpayers. Ongoing capital maintenance, upgrades and enhancements of City core infrastructure ensures the City can continue to provide existing and enhanced service levels.

#### 2.1.4.3 USE OF DEBT

The primary uses of the City's debt financing are to:

##### a. Safeguard and Replace Existing Core Capital Assets

The primary use of long-term debt in the long-term financial plan is to safeguard and replace existing capital assets. The City has an inventory of specialized machinery, equipment, facilities, technology and infrastructure that are necessary for the efficient delivery of services to the public. These capital assets need to be upgraded and replaced according to service lifecycle to maintain service levels and to reduce the risk of escalating costs of repair if these assets are not maintained and upgraded as necessary. The use of the external debt financing with a long-term payback provides additional funding.

##### b. Growth and Development Funding Support for Core Capital Assets

A secondary purpose of utilizing long-term debt is to provide funding support for core capital asset infrastructure renewals or upgrades relating to the growth and development of the City. Debt financing can be utilized to provide funding support for these necessary upgrades and expansion of services.

#### 2.1.4.4 BUSINESS CASES

Any capital project with a recommendation for debt funding must be supported by a business case and capital project plan as per the Financial Resiliency & Stability Policy and presented to Council.

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### 2.1.5 BORROWING LIMITS

#### 2.1.5.1 LEGISLATED LIMIT

The legislated limit for debt servicing is 25% of adjusted total revenues, as determined annually by the Ministry of Municipal affairs (guided by section 174 of the *Community Charter* and the *Municipal Liabilities Regulation* 254/2004).

#### 2.1.5.2 GUIDELINES FOR OVERALL CITY LIMIT

The City has established specific borrowing limits that ensure that the City maintains financial stability and flexibility today and in the future.

In evaluating the City's overall debt capacity, debt servicing costs should generally not exceed 10% of calculated revenues for the previous year; and in no circumstance should they exceed 12.5%.

The maximum limit of debt servicing costs for the City has been established at half of the legislated limitation; this provides adequate debt financing to fund required capital projects without hindering the City's ability to maintain base service levels.

#### 2.1.5.3 GUIDELINES FOR FUND LIMITS

Debt funding needs for each City Fund will vary based on asset conditions and estimated useful lives for respective asset categories in each fund; additional limits have been established to ensure that any one Fund does not utilize all debt capacity available to the City and to ensure general fund and utilities infrastructure upgrades can be undertaken as necessary.

##### a. General Fund

For general fund debt, where taxation is the primary source of revenues and there are numerous service levels to be funded, debt servicing costs should generally not exceed 10% of calculated general fund revenues (including airport) for the previous year; and in no circumstance should they exceed 12.5%.

##### b. Utility Funds

For utility funds, including sewer and water, where user fees are the primary source of revenues and the related services are self-funded with a primary focus on maintaining and upgrading core infrastructure to maintain services, debt servicing costs should generally not exceed 15% of the respective utility fund's calculated revenues for the previous year; and in no circumstance should they exceed 20%.

### 2.1.6 DEBT TERM

#### 2.1.6.1 USEFUL LIFE OF ASSET

Long-term debt terms shall not exceed the lesser of the estimated useful life of the underlying asset or thirty years pursuant to section 179 (5) of the *Community Charter*. It is preferred for the debt term to be



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less than the expected life of the asset, if it is affordable. Short-term debt terms shall be payable no later than the lesser of 5 years and the reasonable life expectancy of the capital asset.

### 2.1.6.2 FLEXIBILITY

Commitment to long-term debt should not impede the City's future flexibility and funding availability for future projects. The recommended debt term is fifteen to twenty years, with a minimum of ten years up to a maximum of thirty years.

When the City is considering debt terms interest rates should be a consideration with more flexibility on longer terms if interest rates are low and similar to shorter terms when interest rates are high. Total interest costs for a debt procurement should be within 15-45% of the total amount of debt borrowed, with 25-30% as an expected target. As interest rates increase, this ratio will need to be reviewed.

### 2.1.6.3 STABILITY

The debt term and related debt servicing costs must be funded by long-term sustainable revenues.

### 2.1.7 DEBT RETIREMENT

#### 2.1.7.1 EARLY RETIREMENT

The decision to retire debt before the originally intended debt term must be completed in consideration of the overall capital plan and funding requirements, as well as the consideration of the long-term stability under the *Financial Stability & Resiliency Policy*. It will be necessary to consult with the Municipal Finance Authority (MFA) to determine the feasibility and timing of early retirement debt.

**Amendment July 16/01 Res.#01-0203, Feb 9-16 Section 2.2 replaced entirely**

## 2.2 RESERVE AND SURPLUS

### 2.2.1 PURPOSE OF POLICY

This policy has been developed to provide guidance and direction for the development, maintenance, and the use of City's reserve and surplus funds.

### 2.2.2 DEFINITIONS

**"Annual Surplus"** means the accumulated excess of revenues over expenses for the current year.

**"Accumulated Surplus"** means the accumulated excess of revenues over expenses from prior years which has not been set aside for specific purposes.

**"Reserve Funds"** means funds that are set aside for a specified purpose by Council pursuant to section 188 (1) of the *Community Charter*. These reserves are established via City bylaws and are discretionary on the part of Council.

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**“Mandatory Reserve Funds”** means funds set aside for specified purposes as required by and pursuant to specific legislation. These reserves are established via City bylaws and are nondiscretionary on the part of Council.

**“Reserves”** means all of the City’s reserve funds and mandatory reserve funds.

### 2.2.3 POLICY ADMINISTRATION

#### 2.2.3.1 RESPONSIBILITIES

The Finance Manager shall be responsible for:

- Ensuring reserve/surplus funds are established and maintained in compliance with this policy;
- Conducting an annual review of the reserve/surplus funds and reporting the results to City Council;
- On an “as required basis”, recommended revisions or amendments to this policy, due to changes in applicable statutes, accounting standards, or economy.

#### 2.2.3.2 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,
- Re-focus departmental reserves to corporate purposes and strategic plans.

#### 2.2.3.3 RESERVE CONTRIBUTIONS

Annual and/or periodic contributions to reserve funds shall be specific to each reserve, as approved by Council through the City’s annual financial planning bylaw.

#### 2.2.3.4 MINIMUM AND OPTIMUM RESERVE BALANCES

A minimum and optimum balance shall be established for each reserve/surplus fund. The minimum balance will ensure that each fund is not depleted to the degree that it is no longer able to serve its intended purpose. The optimum balance ensures the City’s guiding principles are achieved and that excess funds are not remaining idle that could be otherwise utilized for other corporate priorities. A review of actual, minimum and optimal fund balances shall be undertaken annually.

#### 2.2.3.5 INTERNAL BORROWING

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Internal borrowing from reserve/surplus funds shall be permissible as allowed for by legislation, if a clearly defined and attainable payback plan, including payment of foregone interest is in place. Internal borrowing allows for more flexibility in terms of payback amount and loan duration than external borrowing. Paybacks shall be executed according to plan.

### 2.2.3.6 INTEREST

All reserve funds will earn interest each year. Interest will be calculated based on the Fund balances at the end of year using the City's average rate of return on investments. Per section 189 (1) of the *Community Charter*, any interest earned in a reserve fund must be used only for the purpose for which the fund was established.

### 2.2.3.7 GUIDE AND TRANSITION

The minimum and optimal fund balance guidelines shown in this policy serve as a guide in moving the City towards the goals or targets it wishes to attain, in terms of individual fund balances. It is recognized that the City's fund balances are not reaching minimum and optimal levels at the time of enacting this policy; however, the City is transitioning towards its optimal targets.

## 2.2.4 GUIDING PRINCIPLES AND OBJECTIVES

### 2.2.4.1 GUIDING PRINCIPLES

All reserve and surplus funds must be established, maintained and used for a specified purpose as mandated by this policy, statute, or City by-law.

The City's management of reserve and surplus funds needs to conform to the statutory and legal requirements of the *Local Government Act* and the *Community Charter*.

### 2.2.4.2 OBJECTIVES

The primary objectives of the City's reserve and surplus funds are to:

#### a. Ensure Stable and Predictable Levies

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

#### b. Provide for Operating Emergencies

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The City is exposed to unusual operating emergencies resulting from inclement weather, catastrophic events, law enforcement issues, legal claims, insurance claims, tax assessment appeals, environmental hazards and various other events. It may not be feasible, or cost-effective, to absorb the costs in one budget cycle. The City will maintain adequate reserves to minimize the financial impact of such emergencies, extensive service interruptions, and prevent risks to infrastructure and public safety.

c. Finance New Capital Assets

The use of reserve funds 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 leverage external funding or to quickly respond to opportunities that could provide capital infrastructure through private sector partnerships, and other alternative service delivery methods. Typically new capital assets are for an increase to service levels.

d. Safeguard and Maintain Existing Assets

The City has an inventory of specialized machinery, equipment, technology and infrastructure that are necessary for the efficient delivery of services to the public. These capital assets need to be maintained and replaced according to service lifecycle. The reserve balances are focused on maintaining enough funds overall to manage risk of asset failure with a focus on annual spending and investment of infrastructure rather than maintaining significant balances in reserve. Typically to maintaining existing assets are for maintaining existing service levels.

e. Focus on Long-Term Financial Stability

The City recognizes that adequate reserve/surplus levels are important in achieving community goals including financial health and stability. The City will strive to be proactive in achieving long-term financial stability and balancing the costs of maintaining healthy reserves/surplus levels to current and future taxpayers.

### 2.2.5 RESERVE CATEGORY

Reserve funds have been categorized by the purpose of the funds to provide additional clarity and direction for the use of the reserve funds. Some reserve funds include more than one category as applicable, mainly the capital reserves that cover both risk mitigation and planned capital spending.

#### 2.2.5.1 WORKING CAPITAL

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Working capital reserve funds are for cash flow purposes which are the accumulated surplus of each City fund, including general, airport, sewer and water.

### 2.2.5.2 OPPORTUNITY

Opportunity reserve funds are available to spend on opportunities, outside of regular City maintenance and Community Charter requirements. These reserve funds offer flexibility in the financial planning process.

### 2.2.5.3 DEDICATED REVENUE SOURCE

Dedicated revenue source reserve funds have a dedicated revenue source through the *Community Charter*, external grant funding or as directed by Council; this includes the DCC reserve funds and gaming and community works fund reserve funds.

### 2.2.5.4 RISK MITIGATION

Reserve fund balances in the capital reserves are focused on maintaining adequate levels in these reserves to cover risk of uninsured asset failure overall, rather than maintaining significant balances in each of the reserve funds.

### 2.2.5.5 PLANNED CAPITAL SPENDING

Reserve funds are the key mechanism to fund the capital project plan of the City; funding is allocated through the reserve funds from different funding sources. By flowing the funding through reserves, the tracking of spend for each asset category is more efficient.

## 2.2.6 ACCUMULATED SURPLUSES

The City needs to maintain accumulated surplus balances in its four operating funds (general, airport, sewer, water) for working capital or cash flow purposes. Maintaining minimum working capital funds eliminates the need to borrow externally and/or internally to cover operating expenses before property taxes, user fees and other revenues are collected.

Surplus funds in excess of adequate levels as established by this policy will be transferred to a reserve fund. For general fund, excess will be transferred to the financial stabilization reserve. The airport is funded by general fund therefore the accumulated surplus will be maintained in general accumulated surplus. For sewer and water accumulated surplus; excess funds will be transferred to the respective capital reserves for these funds.

## 2.2.7 OPERATING AND OPPORTUNITY RESERVES

Pursuant to subsection 188 (1) of the *Community Charter*, Council may, by bylaw, establish a reserve fund for a specified purpose and direct that money be placed to the credit of the reserve fund. The following reserve funds have been established for the purpose(s) identified:

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### 2.2.7.1 CARBON NEUTRAL RESERVE

This reserve is to provide funding for carbon neutral initiatives; part of working towards carbon neutrality as per the Climate Action Charter commitment.

### 2.2.7.2 COMMUNITY PARTNERSHIP COMMITTEE RESERVE

This reserve is to provide flexibility for approval of additional amounts for grants-in-aid over and above the annual budget allocation.

### 2.2.7.3 COMMUNITY WORKS GAS TAX RESERVE

This reserve is to be used pursuant to the Community Works Gas Tax Agreement; funds to be used to build and revitalize their public infrastructure that supports national objectives of productivity and economic growth, a clean environment and strong cities and communities. This reserve will be used for enhancements and betterments to the community and to fund Council's strategic capital projects.

### 2.2.7.4 FINANCIAL STABILIZATION RESERVE

The financial stabilization reserve has been established for the following purposes:

#### a. Significant Operating Events and Environmental Emergencies

These appropriations are for major non-reoccurring costs related to significant operating events and various emergency events or situations, for instance significant legal costs/claims, insurance claims/deductibles, significant RCMP events, inclement weather, environmental hazards, and the like.

#### b. 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 to in the short-term.

#### c. One-Time and Intermittent Projects

These appropriations are to allow the City the flexibility to fund one-time and intermittent operating projects without resulting in a spikes and declines in general taxation.

This reserve can be utilized by the airport fund as necessary.

Any excess of the financial stabilization reserve will be transferred to the capital reserves.

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### 2.2.7.5 GAMING RESERVE

This reserve is to support Council strategic priorities and initiatives; this fund can be used for any municipal purpose however Council has a general policy to use a portion of the funds for social issues and Council contingency.

### 2.2.7.6 INTERNATIONAL RELATIONSHIP RESERVE

This reserve is to fund maintaining international relations with other countries; it includes funds for the Ishikari anniversary relationship and Twinning Asia Pacific relationships.

### 2.2.7.7 LEGACY LANDMARK RESERVE

This reserve is to fund the maintenance and replacement of legacy landmark program trees, benches and picnic tables.

### 2.2.7.8 SOLID WASTE RESERVE

This reserve is to fund solid waste initiatives and to offset solid waste user fee increases using prior year solid waste function surpluses.

## 2.2.8 CAPITAL RESERVES

Pursuant to subsection 188 (1) of the *Community Charter*, Council may, by bylaw, establish a reserve fund for a specified purpose and direct that money be placed to the credit of the reserve fund. The following reserve funds have been established for the purpose(s) identified, in addition to any asset related operational expenses:

### 2.2.8.1 AIRPORT RESERVE

This reserve is to fund airport projects and initiatives including the 5% of City funding used to leverage 95% ACAP (Transport Canada) funding for capital infrastructure projects including heavy equipment.

### 2.2.8.2 CAPITAL WORKS RESERVE

This reserve is to fund roads capital and replacement projects including roads, traffic signals, curb and gutters, sidewalks and streetlights. This reserve can also be used to fund other capital projects as needed.

### 2.2.8.3 FACILITIES RESERVE

This reserve is to fund major repairs, upgrades, replacement and expansions of municipal buildings, ancillary structures, and site services, including pier marine infrastructure.

### 2.2.8.4 FLEET AND HEAVY EQUIPMENT RESERVE

This reserve is to fund the replacement of City fleet and heavy equipment, excluding fire trucks and airport heavy equipment eligible for ACAP funding.

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### 2.2.8.5 FIRE RESERVE

This reserve is to fund the purchase and replacement of fire trucks and fire equipment.

### 2.2.8.6 FURNITURE AND EQUIPMENT RESERVE

This reserve is to fund the purchase and replacement of City furniture and equipment, including airport.

### 2.2.8.7 INFORMATION TECHNOLOGY RESERVE

This reserve is to fund the purchase and replacement of information technology assets and enterprise information system infrastructure and software, including enhancements to those systems. This includes general, airport, sewer and water.

### 2.2.8.8 PARKS RESERVE

This reserve to fund the acquisition and development of parkland as per Council bylaw. This reserve includes funding for rip rap and boat ramp marine infrastructure.

### 2.2.8.9 SEWER RESERVE

This reserve is to fund sewer utility equipment, buildings, land improvements, and infrastructure.

### 2.2.8.10 STORM WATER RESERVE

This reserve is to fund storm water infrastructure.

### 2.2.8.11 WATER RESERVE

This reserve is to fund water utility equipment, buildings, land improvements, and infrastructure.

## 2.2.9 MANDATORY RESERVE FUNDS

If monies are received from specific sources, certain reserve funds must be established for administering these funds, as per specific legislation. These reserve funds are termed by the City to be mandatory reserve funds, and are as noted below.

### 2.2.9.1 DEVELOPMENT COST CHARGE (DCC) RESERVE FUNDS

Per subsection 188 (2) (a) of the *Community Charter*, separate reserves need to be established for DCC collections and use, under section 935 of the *Local Government Act*. The following DCC reserves have been established for the purpose so identified in the associated DCC bylaws and are as follows:

- a. Parkland Acquisition DCC
- b. Parkland Development DCC
- c. Roads DCC



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- d. Sewer DCC
- e. Storm Drain Quinsam DCC
- f. Water DCC

### 2.2.9.2 PARKLAND ACQUISITION RESERVE FUND

Per subsection 188 (2) (b) of the *Community Charter*, Funds received from the sale or disposal of parkland as well as funds received pursuant to section 941 of the *Local Government Act* (parkland funds received upon subdivision) must be set aside in a reserve and be used exclusively to purchase parkland. The parkland acquisition reserve fund has been established for accumulating and expending monies as per this requirement.

### 2.2.9.3 CAPITAL LENDING RESERVE

Per subsection 188 (2) (e) of the *Community Charter*, except for tax sale proceeds and parkland proceeds, money received from the sale of land and improvements must be used to pay any debt remaining in relation to the property, with any remaining funds to be used for acquiring land, improvements and other assets of a capital nature.

Net proceeds of any land sale (excluding parkland) are transferred to the capital lending reserve for internal borrowing opportunities. Repayment to the reserve must be at a maximum of 15 year term. Repayments must be made in equal annual installments throughout the term of the loan; borrowing can be repaid at any time without penalty. The interest rate will be fixed to Municipal Finance Authority interim financing rates at the time of borrowing, calculated annually.

The fund can be used for general and airport capital projects.

### 2.2.10 APPENDIX

The reserves/surplus policy appendix includes additional detail on the City's reserve funds including the funding source, minimum and optimum levels and the rationale for levels established.

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### Reserve and Surplus Policy - Appendix

Reserve	Category	Purpose	Funding Source(s)	Minimum \$ Level	Optimum \$ Level	Rationale for \$ Levels Established
Airport Accumulated Surplus	Working capital	For working capital purposes in the airport operating fund.	Annual airport operating surplus.	\$150,000  1 month of operating expenses (excluding depreciation and internal cost allocations)	\$300,000  2 months of operating expenses (excluding depreciation and internal cost allocations).	To provide cash flows before revenues are received. Regular revenue activity, with increased costs and revenues in the summer season.  Airport operation deficits are currently funded by general fund therefore the minimum surplus balanced is funded by general accumulated surplus.
Airport Reserve	Opportunity, Planned capital spending	To fund airport projects and initiatives. Includes TCA classes 1215 airport runways and 2000 airport buildings.	Airport improvement fee revenue and net capital funding allocations as necessary.	\$200,000  1% of total cost of airport building and land improvement tangible capital assets.	\$500,000  2.5% of total cost of airport building and land improvement tangible capital assets.	This reserve is utilized to leverage 5% of City funding for 95% ACAP (Transport Canada) grant funds on airport infrastructure including heavy equipment.  Additionally, this reserve is used to invest in business opportunities and other initiatives to increase airport profitability.
Capital Lending Reserve	Opportunity, Dedicated revenue source	To provide an opportunity for investing in capital projects through internal borrowing.	100% of net land sale proceeds, excluding parkland and net capital funding allocations as necessary.	N/A	N/A	Funds in this reserve can be utilized to invest in projects where funding would otherwise not be available. Required annual repayment on withdraws, up to 15 year term.

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### Reserve and Surplus Policy – Appendix Cont.

Reserve	Category	Purpose	Funding Source(s)	Minimum \$ Level	Optimum \$ Level	Rationale for \$ Levels Established
Capital Works Reserve	Risk mitigation, Planned capital spending	To fund roads capital and replacement projects including roads, traffic signals, curb and gutters, sidewalks and streetlights. Includes TCA classes 4000 linear assets – roads and bridges; as well as other assets as needed. This reserve is the flexible capital reserve.	Annual contribution from taxation, in addition to any other revenue sources that can be attributed to the capital program. Capital works reserve is the flow through reserve to allocate additional capital funding.	\$1,200,000 1% of total cost of roads tangible capital assets.	\$3,000,000 2.5% of total costs of roads tangible capital assets.	The minimum and optimum levels are based on maintaining a sufficient balance in all capital reserves to cover risk of uninsured asset failure. The annual reserve contributions will be based on planned capital spending and priority needs. Includes Erickson Road funds from the Ministry of Transportation (MoT).

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### Reserve and Surplus Policy – Appendix Cont.

Reserve	Category	Purpose	Funding Source(s)	Minimum \$ Level	Optimum \$ Level	Rationale for \$ Levels Established
Carbon Neutral Reserve	Opportunity	To provide funding for carbon neutral initiatives; part of working towards carbon neutrality as per the Climate Action Charter commitment.	Annual transfer from community works gas tax reserve in lieu of purchasing carbon offsets, in addition to annual CARIP (Climate Action Revenue Incentive Program) funding.	N/A	N/A	Annual funding to this reserve of an estimated \$40,000 are based on 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. CARIP grants of approximately \$30,000 per year are received from the Province as part of being a member of the Climate Action Charter commitment.
Community Partnership Committee Reserve	Opportunity	To provide flexibility for approval of additional amounts for grants-in-aid over and above the annual budget allocation.	Budgeted transfers as available from remaining annual allocation.	N/A	N/A	Grants-in-aid provided to local recreation and culture organizations is based on 1.7% of general operating fund revenues per year; excess funds in any given year can be transferred to reserve for future grants as determined by Council.

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### Reserve and Surplus Policy – Appendix Cont.

Reserve	Category	Purpose	Funding Source(s)	Minimum \$ Level	Optimum \$ Level	Rationale for \$ Levels Established
Community Works Gas Tax Reserve	Dedicated revenue source, Planned capital spending	<p>To be used pursuant to the Community Works Gas Tax Agreement; funds to be used to build and revitalize their public infrastructure that supports national objectives of productivity and economic growth, a clean environment and strong cities and communities.</p> <p>Fund utilized for ongoing enhancements and betterments to the community and Council strategic capital projects.</p>	Federal Community Works Gas Tax funds distributed by the Union of BC Municipalities (UBCM).	N/A	N/A	<p>Reserve level and related spending is dependent upon gaming funds received. The intent is to spend all funds received.</p> <p>Historically, funding has been used 90% for capital initiatives and 10% for operating initiatives.</p>

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### Reserve and Surplus Policy – Appendix Cont.

Reserve	Category	Purpose	Funding Source(s)	Minimum \$ Level	Optimum \$ Level	Rationale for \$ Levels Established
Facilities Reserve	Risk mitigation, Planned capital spending	To fund major repairs, upgrades, replacement and expansions of municipal buildings, ancillary structures and site services, and pier marine infrastructure. Includes TCA classes 2000 buildings (excluding airport, sewer, water) and 8001 docks and wharves. Excludes airport, sewer, water funds.	Annual contribution from taxation and net capital funding allocations as necessary.	\$300,000 1% of total cost of facilities tangible capital assets.	\$750,000 2.5% of total cost of facilities equipment tangible capital assets.	The minimum and optimum levels are based on maintaining a sufficient balance in all capital reserves to cover risk of uninsured asset failure. The annual reserve contributions will be based on planned capital spending and priority needs. Includes MHC repair and maintenance reserve, SPCA building reserve, and Norm Wood salt storage building reserve.
Financial Stabilization Reserve	Risk mitigation, Opportunity	For major emergent operating issues, one-time and intermittent projects, and to offset unrealized revenues.	Excess funds transferred from accumulated surplus general.	\$950,000 2.5% of general operating fund revenues.	\$1,900,000 5% of general operating fund revenues.	Stabilization in part funds emergent issues and offset unrealized revenues which generally do not exceed a percentage of the general operating fund budget. Excess balances transferred to capital reserves.

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### Reserve and Surplus Policy – Appendix Cont.

Reserve	Category	Purpose	Funding Source(s)	Minimum \$ Level	Optimum \$ Level	Rationale for \$ Levels Established
Fleet and Heavy Equipment Reserve	Risk mitigation, Planned capital spending	To fund the purchase and replacement of City fleet and heavy equipment, excluding fire trucks. Includes airport, sewer, water fleet and heavy equipment; excludes airport heavy equipment eligible for ACAP (Transport Canada) funding. Includes TCA classes 3400 licensed & unlicensed vehicles (excluding 3402/3402 fire trucks).	Net gain/loss from fleet and heavy equipment disposals. Annual contribution from taxation; contribution derived from net charges recovered from City departments after payments for fleet/ equipment expenses. Net capital funding allocations as necessary.	\$450,000	\$450,000	Fleet failure is a risk to the City and does interrupt business operations therefore minimum and maximum balances are based on ensuring enough funds remain to replace the most expensive fleet asset which is currently a vacuum truck. The annual reserve contributions will be based on planned capital spending and priority needs.

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### Reserve and Surplus Policy – Appendix Cont.

Reserve	Category	Purpose	Funding Source(s)	Minimum \$ Level	Optimum \$ Level	Rationale for \$ Levels Established
Fire Capital Reserve	Risk mitigation, Planned capital spending	To fund the purchase and replacement of fire trucks and fire equipment. Includes TCA classes 3402/3403 fire trucks and 3202 fire department equipment.	Annual contribution from taxation and net capital funding allocations as necessary.	\$50,000 1% of total cost of fire fleet and equipment tangible capital assets.	\$100,000 2.5% of total cost of fire fleet and equipment tangible capital assets.	The minimum and optimum levels are based on maintaining a sufficient balance in all capital reserves to cover risk of uninsured asset failure. The annual reserve contributions will be based on planned capital spending and priority needs.
Furniture and Equipment Reserve	Risk mitigation, Planned capital spending	To fund the purchase and replacement of City furniture and equipment, excluding fire equipment. Includes airport. Includes TCA classes 3000 furniture and 3200 machinery and equipment (excluding 3202 fire department equipment).	Annual contribution from taxation and net capital funding allocations as necessary.	\$50,000 1% of total cost of furniture and equipment tangible capital assets, excluding fire equipment. Includes all funds.	\$150,000 2.5% of total cost of cost of furniture and equipment tangible capital assets, excluding fire equipment. Includes all funds.	The minimum and optimum levels are based on maintaining a sufficient balance in all capital reserves to cover risk of uninsured asset failure. The annual reserve contributions will be based on planned capital spending and priority needs.



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### Reserve and Surplus Policy – Appendix Cont.

Reserve	Category	Purpose	Funding Source(s)	Minimum \$ Level	Optimum \$ Level	Rationale for \$ Levels Established
Gaming Reserve	Opportunity	To support Council strategic priorities and initiatives; this fund can be used for any municipal purpose. Recommended use is for Council's strategic operating initiatives including social issues and Council contingency.	Gaming funds received pursuant to the City's Host Financial Assistance Agreement with the Province of BC.	N/A	N/A	Reserve level and related spending is dependent upon gaming funds received. The intent is to spend all funds received. Any municipal purpose pursuant to the City's Host Financial Assistance Agreement with the Province of BC.
General Accumulated Surplus	Working capital	To cover cash flows and working capital before property tax revenues are collected.	Annual general operating surplus.	\$3,000,000 1 month of operating expenses (excluding depreciation and internal cost allocations).	\$6,000,000 2 months of operating expenses (excluding depreciation and internal cost allocations).	To provide cash flows before property taxes are collected. Includes working capital for airport fund. Excess balances transferred to the financial stabilization reserve.

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### Reserve and Surplus Policy – Appendix Cont.

Reserve	Category	Purpose	Funding Source(s)	Minimum \$ Level	Optimum \$ Level	Rationale for \$ Levels Established
Information Technology Reserve	Risk mitigation, Planned capital spending	To fund the purchase and replacement of information technology assets and enterprise information system infrastructure, including enhancements to those systems. Includes TCA class 3300 computer equipment (includes equipment, file servers, software and printers).	Annual contribution from taxation and net capital funding allocations as necessary.	\$20,000 1% of total cost of information technology tangible capital assets.	\$50,000 2.5% of total cost of information technology tangible capital assets.	The minimum and optimum levels are based on maintaining a sufficient balance in all capital reserves to cover risk of uninsured asset failure. The annual reserve contributions will be based on planned capital spending and priority needs.
International Relationship Reserve	Opportunity	To fund maintaining internal relationships with other countries; which currently includes Ishikari and Twinning China.	Annual \$5,000 contribution from taxation for Ishikari.	N/A	N/A	Funding received for the development of an economic development twinning relationship with China; no set annual contributions to this reserve. Ishikari reserve setup for 25 <sup>th</sup> anniversary celebration for sister relationship between Ishikari, Hokkaido and Japan.

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### Reserve and Surplus Policy – Appendix Cont.

Reserve	Category	Purpose	Funding Source(s)	Minimum \$ Level	Optimum \$ Level	Rationale for \$ Levels Established
Legacy Landmark Reserve	Planned capital spending	To fund the maintenance and replacement of legacy landmark program benches and picnic tables.	20% of the initial charge for the benches and picnic tables.	N/A	N/A	
Parks Reserve	Planned capital spending	To fund the acquisition and development of parkland as per Council bylaw. Includes TCA classes 1200 land improvements (excluding 1215 airport Runways) and 8002/8003 boat launch and other marine structures.	Annual parks parcel tax and net capital funding allocations as necessary.	\$200,000 1% of total cost of parks tangible capital assets.	\$550,000 2.5% of total cost of parks tangible capital assets.	Parks parcel tax is utilized for the development of new parks infrastructure in addition to maintenance of existing parkland. The City has significant investment in parkland at a historical cost therefore the City must balance investing in new infrastructure and maintaining existing.
Parkland Acquisition Reserve	Dedicated revenue source	To purchase parkland as per the Community Charter.	Funds received from the sale or disposal of parkland, and parkland funds received upon subdivision.	N/A	Adequate balance to fund parkland acquisitions per Council's strategic priorities.	Acquisitions are dependent upon collections.

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### Reserve and Surplus Policy – Appendix Cont.

Reserve	Category	Purpose	Funding Source(s)	Minimum \$ Level	Optimum \$ Level	Rationale for \$ Levels Established
Parkland Acquisition DCC Reserve	Dedicated revenue source	For levies received from developers to be used for approved parkland acquisition DCC programs and projects.	DCC collections and credits.	N/A	N/A	Collections and credits dependent on developer activity. Spending is dependent upon eligibility of projects in the parkland acquisition capital program.
Parkland Development DCC Reserve	Dedicated revenue source	For levies received from developers to be used for approved parkland development DCC programs and projects.	DCC collections and credits.	N/A	N/A	Collections and credits dependent on developer activity. Spending is dependent upon eligibility of projects in the parkland development capital program.
Roads DCC Reserve	Dedicated revenue source	For levies received from developers to be used for approved roads DCC programs and projects.	DCC collections and credits.	N/A	N/A	Collections and credits dependent on developer activity. Spending is dependent upon eligibility of projects in the transportation capital program.
Sewer Accumulated Surplus	Working capital	For working capital purposes in the sewer operating fund.	Annual sewer operating surplus.	\$500,000 2 months of operating expenses (excluding depreciation and internal cost allocations).	\$750,000 4 months of operating expenses (excluding depreciation and internal cost allocations).	To provide cash flows before utility fees are collected.

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### Reserve and Surplus Policy – Appendix Cont.

Reserve	Category	Purpose	Funding Source(s)	Minimum \$ Level	Optimum \$ Level	Rationale for \$ Levels Established
Sewer Reserve	Risk mitigation, Planned capital spending	To fund sewer utility equipment and infrastructure. Includes TCA classes 5000/5100/5200 linear assets – sewage infrastructure and 2000 buildings for sewer fund.	Excess funds transferred from accumulated surplus sewer.	\$550,000 1% of total cost of sewer fund tangible capital assets.	\$1,400,000 2.5% of total cost of sewer fund tangible capital assets.	Borrowing bylaws authorized for sewer capital investment. The minimum and optimum levels are based on maintaining a sufficient balance in all capital reserves to cover risk of uninsured asset failure. The annual reserve contributions will be based on planned capital spending and priority needs.
Sewer DCC Reserve	Dedicated revenue source	For levies received from developers to be used for approved sewer DCC programs and projects.	DCC collections and credits.	N/A	N/A	Collections and credits dependent on developer activity. Spending is dependent upon eligibility of projects in the sewer capital program.
Solid Waste Reserve	Dedicated revenue source.	To offset solid waste user fee increases.	Solid waste user fee surplus.	N/A	N/A	Established by Council in 2013 by excess solid waste user fees to offset future fee increases.

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### Reserve and Surplus Policy – Appendix Cont.

Reserve	Category	Purpose	Funding Source(s)	Minimum \$ Level	Optimum \$ Level	Rationale for \$ Levels Established
Storm Water Reserve	Risk mitigation	To fund storm water infrastructure. Includes TCA classes 4500 – linear assets drainage infrastructure.	Storm water parcel taxes and net capital funding allocations as necessary.	\$350,000 1% of total cost of storm water tangible capital assets.	\$850,000 2.5% of total cost of storm water tangible capital assets.	The minimum and optimum levels are based on maintaining a sufficient balance in all capital reserves to cover risk of uninsured asset failure. The annual reserve contributions will be based on planned capital spending and priority needs.
Storm Drain Quinsam DCC Reserve	Dedicated revenue source	For levies received from developers to be used for approved storm drain DCC programs and projects.	DCC collections and credits.	N/A	N/A	Collections and credits dependent on developer activity. Spending is dependent upon eligibility of projects in the storm drain capital program.
Water Accumulated Surplus	Working capital	For working capital purposes in the water operating fund.	Annual water operating surplus.	\$550,000 2 months of operating expenses (excluding depreciation and internal cost allocations).	\$850,000 4 months of operating expenses (excluding depreciation and internal cost allocations).	To provide cash flows before utility fees are collected.

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### Reserve and Surplus Policy – Appendix Cont.

Reserve	Category	Purpose	Funding Source(s)	Minimum \$ Level	Optimum \$ Level	Rationale for \$ Levels Established
Water Reserve	Risk mitigation	To fund water utility equipment and infrastructure. Includes TCA classes 7000/7700 linear assets – water infrastructure and 2000 buildings for water fund.	Excess funds transferred from accumulated surplus water.	\$550,000 1% of total cost of water fund tangible capital assets.	\$1,400,000 2.5% of total cost of water fund tangible capital assets.	Borrowing bylaws authorized for water capital investment. The minimum and optimum levels are based on maintaining a sufficient balance in all capital reserves to cover risk of uninsured asset failure. The annual reserve contributions will be based on planned capital spending and priority needs.
Water DCC Reserve	Dedicated revenue source	For levies received from developers to be used for approved water DCC programs and projects.	DCC collections and credits.	N/A	N/A	Collections and credits dependent on developer activity. Spending is dependent upon eligibility of projects in the water capital program.

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***Amendment June 9/03 Res #03-0599 Section 2.3 and 2.4/ Amend. Jan 24/06 Res#06-0167  
Amend. May 11/15 Res. 15-0263 Sec. 2.3 replaced in its entirety/***

### 2.3 GRANTS

***Deleted November 21, 2024 Resolution 24-0284***

### 2.4 GRANTS-IN-AID FOR RECREATION FACILITY RENTALS

***Deleted Jan. 24-06 Res #06-0167 Sec. 2.4***

### 2.5 CITY DAMAGE REWARDS

The City will provide rewards for information leading to the conviction of a person or persons found guilty of vandalism or theft of public property to a maximum of \$1,000.00.

### 2.6 TAXATION

***Oct 2/06 Res #06-0683, Jun 25-13 Res #13-0268, Jan 25-16 Res #16-0018,***

#### 2.6.1 PERMISSIVE PROPERTY TAX EXEMPTIONS

***Deleted November 21, 2024 Resolution 24-0284***

#### 2.6.2 PERMISSIVE TAX EXEMPTION APPLICATION FORM

***Removed from Policy Jan 25-16 Res #16-0018***

#### 2.6.3 TAX SALES (CITY MANAGER AUTHORIZED TO BID)

The City Manager is authorized to bid on tax sale properties on behalf of the City up to a maximum of 50% of assessed values.

#### 2.6.4 PARCEL TAX NOTICES

Parcel Tax notices will only be mailed where new property owners have been added or changes have been made to the Parcel Tax Roll.

### 2.7 EMERGENCY EXPENDITURES

#### 2.7.1 EMERGENCY EXPENDITURES ARE DEFINED AS:

Expenditures not included with the current year Financial Plan, which are necessary for the following reasons:



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- For the safety and or welfare of the citizens and property of the City of Campbell River.
- To prevent waste of resources, such as when the required expenditure would be greater if deferred and is unavoidable.
- To preserve the assets of the City of Campbell River.
- To maintain operations of the City of Campbell River when other economical solutions cannot be reasonably implemented.
- Expenditures of opportunity when funding sources from outside may be lost, or when making the expenditure may affect quantifiable cost savings.

### 2.7.2 AUTHORITY FOR MAKING EMERGENCY EXPENDITURE

- i. Council by resolution when the amount is over \$50,000.
- ii. The City Manager and Chief Financial Officer jointly when the amount is below \$50,000 but above \$10,000.
- iii. The Directors or Acting Director when the amount is below \$10,000.

### 2.7.3 PROCEDURE FOR MAKING EMERGENCY EXPENDITURE

- i. The proper authority must first be obtained and the expenditure must be able to be offset by reducing expenditures elsewhere in the organization or by new revenues which must be firm and identifiable such as a senior level of government providing written confirmation of funding.
- ii. The details of the emergency expenditure and funding sources must be made to the Council of the City of Campbell River at its next regularly scheduled meeting.
- iii. Not less than four months following the emergency expenditure a bylaw amending the Financial Plan must be prepared, advertised and brought before the Council for consideration.
- iv. In all cases, purchase orders and other methods of documenting the Expenditure must be used."

***New Oct 9/01 Res. #01-0697, New section Jun 14/21 Res #?????***

## 2.8 INVESTMENTS

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### 2.8.1 PURPOSE AND OBJECTIVE OF POLICY

The purpose of this Policy is to document a governance framework for the prudent management of the City of Campbell River's investment portfolio "Fund" within an acceptable investment risk tolerance level.

### 2.8.2 SCOPE OF POLICY AND DEFINITIONS

#### 2.8.2.1 SCOPE OF POLICY

This policy shall apply to all cash and investment balances of the City of Campbell River not required for immediate operational needs.

Operational funds are defined for the purpose of this Policy to be the net forecasted cash requirements need to fund operations in a given 12-month period plus the balance set aside in unappropriated surplus and the balance in the Financial Stabilization Reserve.

- **Short Term Investments:**

Any investment for which the initial term is one year or less and/or for which the investment can be considered immediately liquid – i.e.: redeemable or convertible to cash on short notice. Short-term investments include long-term investments which are due to mature within 365 days.

- **Long Term Investments:**

Any cash or liquid security, which has a maturity, date or term at the time of purchase of greater than one year.

- **Long Term Investment of Funds not needed within 10 Years:**

Matching long-term investments with future liabilities is a recognized investment and asset management best practice. If applicable, the City may designate a portion of its reserves as "long-term: 10-years+", and the following exceptions to this Policy apply to those funds:

- a. The City may acquire Section 183 fixed income securities with terms equal to or greater than 10 years, conditional on the security having a minimum "A" rating from a Recognized Rating Agency: or
- b. Any "long investment horizon" MFA Pooled Investment Fund created specifically for investing long-term reserves. Fixed income securities within

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these Pooled Funds do not impact (are not counted against) the Portfolio Limits contained in this Policy.

In addition, for the purposes of benchmarking returns and evaluating the pooled fund performance under option b), returns will be evaluated over moving four-year periods with returns being calculated on a quarterly basis

The City recognizes while the long-term investment options described in this section are expected to earn a higher return over the long term, both strategies can lead to volatile investment results in the short to medium term due to increased interest rate and credit risk or the inherent higher volatility of equity returns. As such, the City of Campbell River's intent is to hold long-term investments to maturity and in the case of perpetual Funds, it is the City's intent to hold these investments for 10 years or longer – in alignment with, but redeemed prior to future obligations.

- **Chief Financial Officer:**

The Chief Financial Officer or in his/her absence, the Finance Manager, under the authority of the Officer's Designation and Establishment of Powers, Duties and Responsibilities Bylaw No. 3177, 2005 is assigned duties for financial administration as described under Section 149 of the Community Charter. Where the words "Chief Financial Officer" are used they shall be deemed to also mean "Finance Manager" when acting in the absence of the Chief Financial Officer.

### 2.8.3 PURPOSE AND OBJECTIVES OF INVESTMENTS

The investment of City funds must reflect a conservative management philosophy based on three fundamental objectives in the following order of priority and in consideration of the concept of prudence.

#### 2.8.3.1 PRESERVATION OF CAPITAL

Preservation of capital is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall Fund. The goal is to manage credit risk and interest rate risk.

#### 2.8.3.2 LIQUIDITY

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. The portfolio structure should be such that maturities coincide with cash requirements, as much as reasonably possible. Since all possible cash requirements cannot reasonably be anticipated,

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the Fund should consist largely of securities with active secondary markets or that can be easily redeemed prior to maturity.

### **2.8.3.3 RETURN ON INVESTMENT**

The Fund shall be constructed with the objective of attaining, at minimum, a benchmark rate of return throughout varying budgetary and economic cycles, taking into account investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the preservation of capital and liquidity objectives.

### **2.8.4 STANDARDS OF CARE**

#### **2.8.4.1 PRUDENCE**

Investments shall be made with judgment and care, under circumstances then prevailing, as they would by a “prudent person” who would use discretion and intelligence as they would in their own affairs. Investments shall not be made for speculation, but for investment, considering the probable safety of the capital as well as the income to be derived.

The Chief Financial Officer and all staff acting in accordance with written procedures and policy and exercising due diligence, shall be relieved of personal responsibility for an individual securities credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

#### **2.8.4.2 INTERNAL CONTROLS**

Management shall establish and maintain a system of internal controls, which shall be documented in writing. The internal controls shall be reviewed annually by the City’s independent auditor. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, and misrepresentation by third parties.

#### **2.8.4.2 ETHICS AND CONFLICTS OF INTEREST**

The Chief Financial Officer shall refrain from personal business activity that could conflict with the proper delivery of the investment policy or which could impair their ability make impartial investment decisions. The Chief Financial Officer or Portfolio Manager shall disclose any material financial interests in financial institutions and/or investment dealers that conduct business with the City.

#### **2.8.4.3 DELEGATION OF AUTHORITY**

## **CITY OF CAMPBELL RIVER COUNCIL FINANCE POLICY**

Adopted: September 12, 2000

Council Resolution No. 00-762

Authority to manage the City of Campbell River's investment program is derived from Section 149 of the Community Charter as follows:

The City of Campbell River delegates the management of the Fund to various agents including certain Officers of the City. The officers of the Municipality for this policy include:

- The Chief Financial Officer
- Portfolio Manager

Fund Management responsibilities have been allocated as follows:

### **Council**

- Receive annual reports from the designated officers on the composition and performance of the portfolio in the second quarter of the following year.
- Review policy changes proposed by the Chief Financial Officer and establish Council's risk tolerance.
- 

### **Chief Financial Officer's Responsibilities**

- Review the policy periodically and if appropriate make recommendations to City Council for changes.
- Review the Fund's composition and performance on a regular basis and provide a report to City Council annually in the second quarter of the following year.
- Responsible for the delegation of any responsibility not specifically mentioned in this Policy.

### **Portfolio Manager**

- Select specific investments for the Fund, recognizing the quality and diversification requirements established in this policy, and subject to approved signing authority.
- Ensure that the sum of all cash, the current account, money market securities, and coupon income expected from the fixed income instruments (i.e. bonds, GICs etc.) in a year are sufficient to cover the disbursements expected to be paid from the Fund in that year.

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Adopted: September 12, 2000

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- Seek to maximize and preserve the investment return on the Fund, after ensuring that the foregoing liquidity, quality and diversification requirements have been satisfied.
- Provide a report to the City's Chief Financial Officer on the performance and composition of the City's investment portfolio in the second quarter of the subsequent fiscal period.
- Manage the securities held by the Fund in accordance with this Policy and applicable legislation.

The Manager and designated Officers of the City of Campbell River may from time to time engage consultants or other advisors to assist them in fulfilling their responsibilities.

### 2.8.4.4 CREDIT RISK MONITORING

Securities should remain sufficiently liquid to ensure that the liquidity needs of the City of Campbell River are maintained.

Investments held in the Fund must be rated by at least one rating agency, namely Moody's, Standard & Poor's (S&P) or Dominion Bond Rating Service (DBRS). All investments must be Investment Grade (at least BBB by S&P, or equivalent by DBRS, Moody's or Fitch .), as classified in Appendix A.

The Fund will be limited to the following credit rating thresholds on a weighted average basis (as defined by DBRS or equivalent):

Rating	Up to %
R-1H/AAA	100%
R-1M/AA	90%
R-1L/A	70%
R-2HML/BBB	25%

In addition to the credit rating requirements identified above the Fund will also adhere to the following Portfolio Limits by Asset Type:

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Asset Type	Maximum % Share of Total Reserves	Maximum Single Entity % of Total Reserves
MFA Pooled Investment Funds	Up to 100%	15% to 100% (2)
Federal Government (1)	Up to 100%	Up to 100%
Provincial Governments (1)	Up to 100%	Up to 75% (3)
Local Governments (1)	Up to 50%	Up to 25% (3)
Financial Institutions (1)	Up to 50% (5)	Up to 15% (3) (4)

[1] Weighted holdings of this type of security within a Pooled Fund do not count towards limit.

[2] Maximums determined for each unique MFA Fund, which when presented together results in a range.

[3] Range based on Credit Rating.

[4] Total investments in securities of a chartered bank, savings institution, or credit union may not exceed 1.00% of the financial institution's last year-end reported total deposits.

[5] Short-term portfolio funds (cash needed within 1 year) may be 100% held within Financial Institutions, but subject to Single Entity limits. Further, from time-to-time Single Entity limits may be exceeded

Due to market fluctuations, maximum percentages may be exceeded at a point in time. Securities need not be liquidated to rebalance the portfolio; however, consideration should be given to this matter when future purchases are made to ensure that appropriate diversification is maintained.

**Cash:** The deemed rating for cash, including the current account and any High Interest Savings Accounts, will be equal to the rating of the institution it is being held in.

**Bank Deposits:** The deemed rating for securities issued by a bank will be equal to the credit rating of that bank.

**Credit Union Deposits:** The deemed rating for securities issued by a Credit Union will be the equal to the credit rating of the Credit Union that it is being held in.

**Securities issued by a Government entity:** The deemed rating for securities issued by a government entity will be equal to the credit rating of that municipality, province, and country or equivalent.

### 2.8.4.5 SPLIT RATINGS

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If an issuer or security is rated by more than one Recognized Ratings Agency, the following methodology shall apply:

- If two Agencies rate a security, use the lower of the two ratings;
- If three Agencies rate a security, use the most common;
- If all three Agencies disagree, use the middle rating; and
- If four Agencies disagree, use the average of all four ratings.

### 2.8.4.6 UNRATED SECURITIES

If an authorized investment per section 183 of the Community Charter is unrated and an internal credit rating has not been determined, it shall be rated as BBB for the purposes of determining adherence to this Policy.

## 2.8.5 AUTHORIZED AND SUITABLE INVESTMENTS

### 2.8.5.1 SECTION 183 OF THE COMMUNITY CHARTER

Section 183 of the Community Charter restricts Investments to the following types of Investments:

Money held by a municipality that is not immediately required may only be invested or reinvested in one or more of the following:

- a) securities of the Municipal Finance Authority;
- b) pooled investment funds under section 16 of the Municipal Finance Authority Act;
- c) securities of Canada or of a province;
- d) securities guaranteed for principal and interest by Canada or by a province;
- e) securities of a municipality, regional district or greater board;
- f) investments guaranteed by a chartered bank;
- g) deposits in a savings institution, or non-equity or membership shares of a credit union;
- h) other investments specifically authorized under this or another Act.

All securities held in the portfolio shall have a maturity of ten years or less, however it is understood that the majority of assets will be invested in securities with a maturity considerably shorter than this ten year maximum. Investments with a duration greater than ten years can be held within the portfolio if approved by Council.



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All investments must be denominated in Canadian dollars or U.S. dollars. U.S. dollar investments are not to exceed 5% of the total portfolio.

Investments in warrants, convertible debt securities, derivatives, swaps, options or futures, and all investment categories that are not explicitly permitted are prohibited.

### 2.8.5.2 AUTHORIZED INVESTMENT DEALERS AND INSTITUTIONS

A list will be maintained by the Portfolio Manager of approved investment dealers and financial institutions authorized to provide investment services.

All qualified bidders for investment transactions shall be in good standing with their applicable regulatory agencies, which may include but are not limited to the following agencies:

- Investment Industry Regulatory Organization of Canada (IIROC);
- Canadian Investor Protection Fund (CIPF);
- Provincial Securities Commission (BCSC, OSC, CSA, FCAA);
- Office of the Superintendent of Financial Institutions (OSFI);
- The Canadian Depository for Securities (CDS);
- Financial Institutions Commission (FICOM) – British Columbia;
- Alberta Superintendent of Financial Institutions;
- Financial and Consumer Affairs Authority (FCAA) – Saskatchewan;
- Financial Services Commission of Ontario (FSCO);
- Autorité des marchés financiers (AMF);
- Canadian Deposit Insurance Corporation (CDIC);
- Credit Union Deposit Insurance Corporation (CUDIC) – British Columbia;
- Credit Union Deposit Guarantee Corporation (CUDGC) – Alberta and Saskatchewan; and
- Deposit Insurance Corporation of Ontario (DICO).

### 2.8.6 INVESTMENT PARAMETERS

#### 2.8.6.1 DIVERSIFICATION

The investment portfolio shall be diversified to reduce the risk of loss associated from concentration of assets in a specific maturity, a specific institution, or a specific class of securities. Diversification strategies shall be determined and revised periodically by the Chief Financial Officer. In selecting a diversification strategy, maturities selected shall provide for stability of income and reasonable liquidity in consideration of the end use of funds selected.

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### **2.8.6.2 RESPONSIBLE INVESTMENTS**

The investment portfolio while still adhering to the purpose and objectives of this policy may make investments in responsible funds. Investments will be chosen by the portfolio manager based on their alignment with Council's strategic plan whenever practical in accordance with the purpose and objectives of this policy.

### **2.8.6.3 MATURITIES**

To the extent practical the Chief Financial Officer shall attempt to match investments with anticipated cash flow requirements.

The City of Campbell River will typically not invest operating funds in investments with a maturity beyond a one-year time frame unless the sum of all available investment funds in the operational funds (general, water, sewer, and airport) exceeds the budgeted operational expenditures for the year.

Funds held in reserves that are not needed in the near term as determined by the ten-year financial plan may be invested for terms of up to ten years. In the event that funds are required sooner than expected funds, may be transferred from operating investments to provide the necessary cash. In this case the liquidity of operating investments may be temporarily impaired and it is recognized that a short-term borrowing may be more beneficial than an early redemption of a fixed term investment. In the unlikely event that a short-term borrowing is required due to a fixed term investment a short-term borrowing bylaw will be required.

Funds held in trust may be invested in longer term maturities where it is known that the funds cannot be used for operational purposes.

The frequency of interest payments shall be taken into consideration when making investment decisions.

### **2.8.6.4 INTERNAL FINANCING**

Where specific reserve funds are authorized to be used, by bylaw, for a purpose for which the City of Campbell River would ordinarily borrow funds. The funds will normally be repaid at market rates for what the borrowing would have cost and charged to operations as if external borrowing had been undertaken and the said reserve funds replenished together with interest as the scheduled payments come due. The details of any internal financing shall be spelled out in detail in any bylaw authorizing such financing.

### **2.8.6.5 COMPETITIVE BIDS**

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When possible, the City of Campbell River will obtain quotes from three financial institutions for the purchase of selected investments to ensure the most cost-effective alternative is selected. However, due to the time-sensitive nature of the marketplace, immediate action may be taken. Under such circumstances, market data may be used to substantiate the action taken.

### **2.8.6.6 SAFEKEEPING AND CUSTODY**

Physical possession of the security purchased is required except where the issue is book based and registered with the Canadian Depository for Securities as in the case of treasury bills, or when the security is held by a third party and a safekeeping receipt has been issued.

Any security, which may be registered, must be in the name of City of Campbell River and no bearer bonds or similar instruments are to be purchased.

### **2.8.7 CREDIT RISK GUIDELINES AND INVESTMENT LIMITS**

The investment portfolio shall be designed in content and distribution in accordance with this policy. Investment credit worthiness at all times will exceed DBRS's BBB (long term) or R-2 ratings (short term) or an equivalent as identified in schedule A.

### **SCHEDULE A – Credit Ratings Equivalent Table**

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Grade	Moody's		Standard & Poor's		DBRS		Fitch	
	Long-Term	Short-Term	Long-Term	Short-Term	Long-Term	Short-Term	Long-Term	Short-Term
<b>Investment Grade</b>	Aaa	P-1	AAA	A-1+	AAA	R-1 (high)	AAA	F1+
	Aa1	P-1	AA+	A-1	AA(high)	R-1 (high)	AA+	F1+
	Aa2	P-1	AA	A-1	AA	R-1 (middle)	AA	F1+
	Aa3	P-1	AA-	A-1	AA(low)	R-1 (middle)	AA-	F1+
	A1	P-1	A+	A-2	A(high)	R-1 (low)	A+	F1
	A2	P-1	A	A-2	A	R-1 (low)	A	F1
	A3	P-1	A-	A-2	A(low)	R-1 (low)	A-	F2
	Baa1	P-2	BBB+	A-3	BBB(high)	R-2 (high)	BBB+	F2
	Baa2	P-2	BBB	A-3	BBB	R-2 (middle)	BBB	F3
	Baa3	P-3	BBB-	A-3	BBB(low)	R-2 (low)	BBB-	F3
<b>Speculative Grade</b>	Ba1	NP	BB+	B	BB(high)	R-3	BB+	B
	Ba2	NP	BB	B	BB	R-4	BB	B
	Ba3	NP	BB-	B	BB(low)	R-4	BB-	B
	B1	NP	B+	B	B(high)	R-4	B+	B
	B2	NP	B	B	B	R-5	B	B
	B3	NP	B-	B	B(low)	R-5	B-	B

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*New May 10/04 Res #04-0594, Feb 9/16 Section 2.9 deleted and incorporated into Section 2.2*

### 2.9 EQUIPMENT REPLACEMENT POLICY - DELETED

*New Apr /04 Res. #04-0494, Feb 9/16 Section 2.10 deleted and incorporated into Section 2.2*

### 2.10 BUILDING RENTAL DEMOLITION AND RECLAMATION - DELETED

*Amd Aug 11-09 Res. #09-0326 Sec. 2.11 & 2.11.1, Mar 27-12 Res.# fc12-0131 Sec. 2.11.1 & 2.11.2, Jan 29-14 Res.# 14-0067, Feb 9/16 Section 2.11 deleted and incorporated into Section 2.2*

### 2.11 CAPITAL RESERVES - DELETED

*New Aug 25-09 Res. 09-0350*

### 2.12 ACCOUNTS RECEIVABLE POLICY

#### 2.12.1 PURPOSE

The purpose of the Accounts Receivable Policy is to establish:

- i. The process for granting credit;
- ii. To establish practices for collecting outstanding accounts receivable;
- iii. To delegate authority to staff when accounts receivable are deemed uncollectible; and,
- iv. To manage receivables created by City forces performing work on private lands.

#### 2.12.2 SCOPE

This policy is intended to cover all operations of the City. The Campbell River Airport operates under Bylaw No. 3321 for determining amounts receivable. This policy will apply to the Campbell River Airport for accounts receivable and write off procedures.

Development Cost Charge receivables are governed by Provincial statute and are not covered under this policy.

#### 2.12.3 DEFINITIONS

**CITY**

Shall mean the City of Campbell River;

**COMMUNITY CHARTER**

Chapter 26, Statutes of British Columbia;

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<b>COUNCIL</b>	Shall mean the elected Municipal Council of the City of Campbell River;
<b>DEVELOPMENT COST CHARGE</b>	A charge set by bylaw for new developments to pay for anticipated future costs of existing and new infrastructure;
<b>PRIVATE LAND OR IMPROVEMENTS</b>	Land and/or improvements not owned by a government body.

### 2.12.4 EXTENSION OF CREDIT

Credit will only be extended under the following conditions or in the following circumstances, where credit approval has been granted and if an established charge account is up to date or current:

- i. For work done or services provided to private land and/or improvements or any other amounts which can be transferred to property taxes and collected as such under the provisions of the Community Charter, including property related bylaw infractions;
- ii. For emergency work and/or services that are required for repairs to roads or utilities as a result of damage by a contractor, utility company, or property owner, emergency cleanups, ICBC claims etc.;
- iii. Amounts due under a lease, rental or other contractual agreements that have credit arrangements and that have been approved by Council;
- iv. For goods and services provided to other governments, governmental agencies, departments or bodies (including the RCMP), crown corporations, regulated utility companies, the School District, and the Strathcona Regional District;
- v. Goods and/or services provided by the City where a deposit or prepayment has been taken and the costs exceed the prepaid amount;
- vi. For property related information provided to banks or other financial institutions;
- vii. Companies and non-profit groups or organizations that provide services on behalf of the City of Campbell River;
- viii. For surplus goods that are sold through an auction company under and agreement;
- ix. Other specific or unique circumstances that are approved by the Finance Manager or the General Manager, Financial Services.

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### **2.12.5 CREDIT APPLICATION AND APPROVAL**

A credit application will be required in certain instances or cases as determined by the Finance Manager or the General Manager, Financial Services. Completed credit applications will be reviewed by the Finance Manager. Approved credit applications will be granted a credit account with an appropriate amount. If the search results on the credit application are unsatisfactory then credit will be refused.

### **2.12.6 WITHDRAWAL OF CREDIT PRIVILEGES**

Continued extension of credit is contingent on the person or organization maintaining its account in good standing. Credit privileges will be withdrawn when any charge on an account remains unpaid for 60 days. In the event that credit privileges are withdrawn, prepayment will be required for all further goods provided or services rendered until the account is brought up to date. The City may also choose not to provide further goods and/or services on outstanding accounts. If non-payment persists or if an account is repeatedly over due credit privileges will be permanently withdrawn.

### **2.12.7 NON-SUFFICIENT FUND CHEQUES & OTHER DISHONoured PAYMENTS**

Any payments (cheques, preauthorized debit, credit cards, etc.) that are not honoured and that result in a charge back to the City's bank account will be treated as accounts receivable and will be assessed a \$30 service charge.

### **2.12.8 ADMINISTRATIVE COST RECOVERY FEE AND INTEREST CHARGES**

A 5% administrative cost recovery fee will be charged on accounts receivable billings, based on the gross invoice total before any applicable taxes, with the exception of pre-established or set fee billings determined by bylaw, policy or agreement. This administrative fee partially covers the City's administrative costs (general accounting, office supplies, postage, etc.) that are incurred as a result of billings.

Invoices are net 30 days. Interest at a non-compounding rate of 2% per month will be charged on all overdue amounts starting on the 31<sup>st</sup> day from the invoice date and thereafter until payment is received.

### **2.12.9 PAYMENT TERMS AND COLLECTIONS**

The following payment terms and collection process shall be followed:

- i. Payments will be due within 30 days from the invoice date with interest accumulated after 30 days.
- ii. Statements will be issued, at a minimum, on a quarterly basis;

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- iii. If any amount that is payable by the City to a party with an overdue account the amount that is due from the other party will be contracted or deducted from the amount payable by the City.
- iv. All outstanding amounts that can be collected as property taxes under the provisions of the Community Charter will be transferred to the applicable property tax account at year end.
- v. Certain overdue accounts, as determined by the Finance Manager, will be turned over to a collection agency for collection purposes.

### 2.12.10 ALLOWANCE FOR DOUBTFUL ACCOUNTS

An allowance for doubtful accounts will be set up on an annual basis at year end, in accordance with generally accepted accounting principles, with the accounts and amounts to be determined by the Finance Manager and approved by the General Manager, Financial Services.

### 2.12.11 AUTHORIZATION TO WRITE OFF ACCOUNTS RECEIVABLE

Authorization to write off accounts receivable deemed to be uncollectible is as follows:

- \$0.01 to \$500.00 Finance Manager
- \$500.01 to \$1,000.00 General Manager, Financial Services
- \$1,000.00 + City Council Approval

### 2.12.12 REPORTING OF BAD DEBTS

A written report will be prepared quarterly to obtain approval for items over \$1,000 and summarizing all other accounts receivable write offs.

### 2.12.13 IMPLEMENTATION OF POLICY

This policy shall become effective immediately upon approval by City Council.

***New Aug 14/12 Res #12-0262***

## 2.13 TANGIBLE CAPITAL ASSETS POLICY

### 2.13.1 PURPOSE

This Capital Asset Policy (Policy) promotes sound corporate management of capital assets and complies with the Public Sector Accounting Board guidelines.



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### 2.13.2 SCOPE

This policy applies to all City departments, boards and commissions, agencies and other organizations falling within the reporting entity of the City, including the Campbell River Economic Development Corporations (Rivercorp).

All tangible property owned by the City, either through donation or purchase and which qualifies as capital assets are addressed in this policy. In accordance with PSAB 3150, tangible capital assets (TCA) are non-financial assets having physical substance that:

- i. are held for use in the production or supply of goods or services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets;
- ii. have useful economic lives extending beyond an accounting period ( 1 year);
- iii. are to be used on a continuing basis; and
- iv. are not for sale in the ordinary course of city operations.

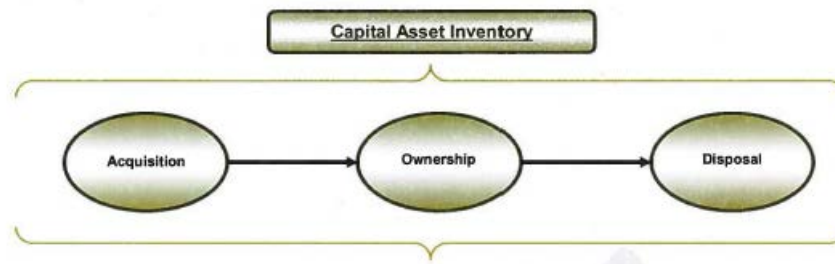
### 2.13.3 PRINCIPLES

Principles in this policy provide guidance for policy development and assist with interpretation of the policy once applied.

- i. The purpose of this policy is for the benefit of the City as a whole; for the users of the City's financial statements and managers of the City's tangible capital assets.
- ii. Only capital items meeting the capital asset criteria in this policy will be budgeted as capital.
- iii. Materiality (threshold) is considered.
- iv. The City complies with current legislative requirements.

### 2.13.4 POLICY

A framework is established for the management and control of the City's capital assets. Included in this framework is proper recognition, measurement, thresholds, aggregation, segregation, amortization, reporting, safeguarding and disposal. Additional guidelines relating to the purchase of assets are found in the City's Procurement Policy.



## 2.13.4.1 TCA INVENTORY - ACQUISITION

Tangible Capital Assets are recorded at historical cost. TCA's are recognized as assets on the City's Statement of Financial Position on date of receipt for capital goods or when the asset is put into use for capital projects.

## 2.13.5 COST

Cost as defined by PSAB 3150, is the gross amount of consideration given up to acquire, construct, develop or better a TCA, and includes all costs directly attributable to acquisition, construction, development or betterment of the TCA, including installing the asset at the location and in the condition necessary for its intended use. The cost of a contributed TCA, including a TCA in lieu of a developer charge, is considered to be equal to its fair value at the date of contribution. Capital grants are not netted against the cost of the related TCA. The cost of a leased TCA is determined in accordance with Public Sector Guidelines for Leased Tangible Capital Assets.

For assets owned by the City but not paid for by the City including contributions gifts, and donations, valuation may be assessed by fair value. **FAIR VALUE** is the amount of the consideration that would be agreed upon in an arms length transaction between knowledgeable, willing parties who are under no compulsion to act.

### 2.13.5.1 THRESHHOLDS

Thresholds are established for a minimum dollar value and number of years of useful life. Thresholds help to determine whether expenditures are to be capitalized as assets and amortized or treated as a current year expense. For financial reporting purposes thresholds are set fairly high, however, details may be useful for the City's capital asset management program. Therefore, an optimal threshold for each asset category is a balance between the two. Threshold values should be reviewed periodically and adjusted for inflation.

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Asset Category	Threshold
Land	Capitalize Only
Land Improvements	\$10,000
Buildings	\$50,000
Building Improvements	\$10,000
Machinery and Equipment	\$5,000
Vehicles	\$10,000
IT Infrastructure	\$5,000
Infrastructure (e.g. water, electrical wastewater, roads etc.)	\$50,000

Thresholds apply to capital goods purchased and capital projects constructed with the total cost of the good or project meeting the threshold criteria. Long term assets not individually meeting threshold limits, when purchased in sufficient volume to meet the limit are to be capitalized. Group purchases are purchases that are individually insignificant items but when purchased together, the invoice amount meets or exceeds the threshold for that asset category.

Improvements are capitalized or expensed in accordance with PSAB 3150.

### 2.13.5.2 CLASSIFICATION, AGGREGATION & SEGMENTATION

The level of detail required in the capital asset inventory is a balance between cost of data collection, tracking and analysis and the beneficial use of the information gathered. The full cost of preparing a TCA for its intended use is considered the aggregate cost of the capital asset. The aggregate cost may be further segmented into elemental components based on useful life.

- **LAND** - Land owned by the City includes parkland, land for City owned facilities and land under roads and sidewalks. All land owned by the City is segmented by each parcel held. City parkland and the land for City facilities and leased facilities is quantified and included in the City's land database. Due to the age of the land under roads and sidewalks, existing City land under roads and sidewalks is considered to have a nominal value of \$1.

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- **LAND IMPROVEMENTS** - Parks infrastructure includes playground equipment, outdoor pools, fencing, trails, irrigation systems, etc. Each asset when capitalized is recorded separately with an attached useful life.
- **BUILDINGS** - Buildings owned by the City include the City Hall, Community Centre, and any other buildings the City holds or acquires, including leaseholds. New buildings may be segmented by envelope, roof and equipment and other significant component parts based on useful life. This treatment provides for capital replacement of each component over the years of ownership
- **BUILDING IMPROVEMENTS** - Building improvements include furniture, fixtures along with interior fit-outs required to make the building ready for use. Furniture, fixtures, equipment and fit-outs are capitalized if purchased in volume and the volume exceeds the threshold limit or if the individual cost of individual items exceeds the threshold.
- **CONSTRUCTION IN PROGRESS** - Construction in progress contains capital projects underway but not yet complete or in use. Upon completion, these projects are transferred to the appropriate category and amortized based on the date they are put into service.
- **VEHICLES, MACHINERY AND EQUIPMENT** - Mobile vehicle fleet and all machinery and equipment used in normal city operations.
- **IT INFRASTRUCTURE** - IT infrastructure includes hardware, infrastructure, computers, printers, scanners, photocopiers and the telephone network. This IT infrastructure is capitalized if each purchase, group purchase, or project meets threshold limits.
- **INFRASTRUCTURE**
  - **WATER** - The water system components may be segmented by asset type, for example water mains, valves, hydrants and services. Aggregation for threshold purposes is by capital project. Capital projects when complete are recorded as assets by allocating costs to each component part.
  - **SEWER AND DRAINAGE** - The sewer and drainage system components may be segmented by sewer mains, lift stations, manholes, catch basins and services. Aggregation for threshold

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purposes is by capital project. Capital projects when complete are recorded as assets by allocating costs to each component part.

- TRANSPORTATION - Transportation assets includes all linear assets associated with roads and may be segmented by roads, lanes, sidewalks, traffic intersections, street lights, signage and structures. Aggregation for threshold purposes is by capital project. Capital projects when complete are recorded as assets by allocating costs to each component part.

### 2.13.5.3 TCA INVENTORY - OWNERSHIP

Ownership of assets requires safeguarding, maintenance, amortization for replacement and possibly write-downs. These requirements are addressed in this section.

It is the responsibility of department managers to ensure capital assets assigned to his or her custody are maintained and safeguarded in coordination with the asset management and facilities department.

Amortization is an annual charge to expenditures for the use of a capital asset. The City sets amortization rates on a straight line basis based on the number of years in service. The asset categories are amortized as follows:

Asset Category	Amortization of Cost
Land	Not amortized
Land Improvements	Straight line over useful life of each asset unit
Buildings	Straight line over useful life of each asset unit
Building Improvements	Straight line over useful life of each asset unit
Construction in Progress	Not amortized
Vehicles, Machinery and Equipment	Straight line over useful life of each asset unit
Infrastructure (e.g. water, wastewater, roads etc.)	Straight line over average useful life of each segment

Amortization is calculated at 50% of the rate for the first year the asset is placed in service and at the full annual rate thereafter. Economic useful life is used for

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amortization rather than physical useful life. Attachment IV provides a general guide for useful life.

A write down of assets occurs when reduction in future economic benefit is expected to be permanent and the value of future economic benefit is less than the TCA's net book value. A write down should not be reversed.

### **2.13.5.4 TCA INVENTORY - DISPOSAL**

Disposal procedures for capital assets are in accordance with the City's Procurement Policy. All disposals of TCAs are recorded in the City's financial statements in accordance with accounting standards.

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## ATTACHMENT I ASSET USEFUL LIFE – General Guidelines

ASSET TYPE	DEPRECIABLE LIFE IN YEARS
<b>Land Improvements</b>	
Playground Equipment	15
Washrooms, Concessions, Picnic Shelters	40-50
Outdoor pools, Splash pads	50-60
Tennis Courts	15
Fencing	15
Irrigation System	20
Other Land Improvement Structures	15-60
<b>Buildings</b>	20-75
<b>Building Improvements</b>	
Exterior Envelope	30-40
HVAC systems	10-12
Roofs	15-20
Electrical/Plumbing/Fire	15-20
Site works - Asphalt, water/sewer lines	10-100
Other Building Improvements	10-100
<b>Machinery &amp; Equipment</b>	
General Equipment	5-10
Ground Machinery & Equipment	10-15
Heavy Construction Equipment	5-10
Other Machinery & Equipment	5-20
<b>Vehicles</b>	
Cars and Light Trucks	5-10
Vehicles - Medium	8
Vehicles - Heavy	15
Fire Trucks	15-25
Other Vehicles	5-25
<b>IT Infrastructure</b>	
Hardware	3-5
Software	3-5
Telephone System	5-7
Other IT Infrastructure	3-7

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<b>Infrastructure</b>	
Water	10-100
Sewer	10-100
Drainage	10-100
Transportation	10-100
Other Infrastructure	10-100



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***New section. Adopted by bylaw 3760 Dec 16-19 Resolution 19-0588***

### 2.14 FINANCIAL STABILITY & RESILIENCY POLICY

#### 2.14.1 PURPOSE

The purpose of the *Financial Stability & Resiliency Policy* is to guide the City's financial planning to meet financial obligations while providing high quality services.

#### 2.14.2 OBJECTIVES

- a. To develop principles that guide so that taxpayers can look forward to predictable, stable, equitable and accountable property taxation.
- b. To support and guide decision-making, providing continuity and assurance to the City's financial management.

#### 2.14.3 POLICIES

- a. Financial Plan Bylaw Adoption – The City's Financial Plan Bylaw for the next fiscal year will be approved prior to December 31.
- b. Long-Term Budgeting – At a minimum, the City will produce a 10-year financial plan.
- c. Budget Parameters – Budget parameters will maintain service levels, provide an opportunity to enhance services, and invest in critical infrastructure. The parameters for each budget component, expressed in terms of a general tax increase, are:
  - Operating costs of capital will be included as part of the base budget parameter unless funding pressure requires a tax levy increase.
  - Debt servicing will be funded within the capital budget parameter unless funding pressure requires a tax levy increase.
  - One-time operating projects will be funded by reserve in order to stabilize and smooth out tax increases.

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BUDGET COMPONENT	Low (%)	High (%)
Base Budget	1.5	2.0
Capital Budget	0.5	1.0
Ongoing New Services	0.0	0.5
<b>ALL SERVICES</b>	<b>2.0%</b>	<b>3.5%</b>
<b>TOTAL UTILITY FEE INCREASE</b>  (includes sewer, water, solid waste and storm water parcel tax)	<b>3.5%</b>	<b>5.0%</b>

d. Non-Market Change – Revenues from non-market change will be adjusted from general taxation levy calculations. To alleviate pressure to increase taxes, provide stability and maintain the integrity of the budget parameters non-market change revenue will first be applied to maintain the base budget parameter of 1.5-2 per cent and then allocated towards new services.

- The City will budget 100% of BC Assessment's mid-November NMC estimate.

e. Zero Base Operating Budget Increases – The base operating budget provides annual funding to ongoing City services. Any increases to base operating budgets outside of contractual obligations or utility increases will be considered a new ongoing service level increase and will be evaluated during financial planning proceedings against other priorities.

f. Investment in Critical Infrastructure – Continued investment in infrastructure is critical to ensure service levels are maintained. The capital budget parameter of an annual 0.5 to 1 per cent increase to taxation will be invested in the City's capital program to support ongoing investment in infrastructure to ensure effective delivery of services and asset management.

- Newfound revenue such as debt servicing for newly retired debt, will be allocated towards the capital program.

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- g. Asset Infrastructure Management – The City will invest in asset management to keep infrastructure in a proper state of repair to avoid costly failures. Asset management ensures assets are maintained in a state of good repair while optimizing capital investment to maintain service levels and ensure best value for taxpayer's dollars.
- h. Reserve Waterfall Structure – The City's Reserve Policy will be applied to ensure funds are not sitting idle in any one reserve and are suitably allocated. The waterfall will follow policy to ensure desired levels of each reserve is preserved; current year surplus is to be transferred into working capital accumulated surplus with excess balances transferred to the Financial Stabilization Reserve and then allocated to capital reserves to fund the capital program.
- i. Debt Policy – The City's long-term debt policy establishes borrowing limits and uses of debt for external borrowing.
- j. Business Case Decision Making and Capital Project Planning – All requests for staffing and significant operating projects or new services require a business case. New capital projects require a project plan.
- k. Property Tax Increase – Each budget cycle, Council will consider the property tax increase required by first covering the projected cost increase for existing services at current service levels and then consider other enhancements.
  - The City's tax increase will be calculated based on additional revenue required to balance the budget as required by the *Community Charter* and communicated as a percent increase over the prior year's general municipal revenue collected.
  - The City will phase in tax increases when known changes influencing City finances are known to promote stability for taxpayers.
- l. Self Financed Programs –The City's self financed programs include the Water Utility, Sewer Utility, Stormwater Utility and Solid Waste and Recycling programs. The costs for self financed programs should be fully funded by user fees. Any surplus or deficit from these programs is to be transferred at the end of each year to or from each reserve. These funds will also follow policy clauses 2,3,5,6,7,8,9,10 and 11

***New section. Adopted by bylaw 3760 Dec 16-19 Resolution 19-0588***

## 2.15 PROPERTY TAXATION POLICY

### 2.15.1 PURPOSE

The purpose of the *Tax Policy* is to outline the proportions of revenue sources, the distribution of property taxes among property classes, and the communication of any tax changes from the prior fiscal year.

### 2.15.2 OBJECTIVE

To provide City taxpayers with stable, equitable, and understandable property taxation while providing high quality services.

### 2.15.3 POLICIES

- a. Tax rates will be adjusted annually to eliminate the impact of increases or decreases in assessment due to market changes, as identified by the British Columbia Assessment Authority.
- b. Class 1 (Residential) taxes – the City will strive to maintain a residential tax rate that provides for average municipal taxation on a representative household with its comparator communities of similar size and of those Vancouver Island communities with a population between 10,000 and 50,000. All data used to compare Campbell River against other communities shall be sourced from Local Government Statistics provided by the Province of BC.
- c. Class 3 (Supportive Housing) – the City will maintain a tax rate equal to Class 1 (Residential).
- d. The City will strive to ensure all other classes of property receive an equal allocation of the percentage change in the annual tax levy.
- e. The City may review its tax rates by property class as compared to the provincial average on a minimum three year basis to ensure rates are comparable and reasonable given assessed values in Campbell River as compared to other communities.
- f. When necessary, tax class realignments will occur incrementally over a multi-year period.
- g. New tax revenues related to the City's downtown revitalization tax exemption bylaw will be allocated to the downtown capital program

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- h. The City's tax increase will be communicated as a percent increase over the prior year's general municipal revenue collected and calculated based on total taxes required to balance the budget.

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***New section added November 21, 2024 Resolution 24-0284***

## 2.16 FINANCIAL ASSISTANCE POLICY



COUNCIL POLICY

<b>Section:</b>	<b>Council Policy</b>	
<b>Sub-Section:</b>	<b>Council Finance Policy</b>	<b>2</b>
<b>Title:</b>	<b>Financial Assistance Policy</b>	<b>2.16</b>

### APPROVALS

Approval Date:	Resolution:
----------------	-------------

### 1. POLICY STATEMENT

- 1.1 Through various financial assistance opportunities, the City of Campbell River leads or facilitates the delivery of a wide variety of services to meet the needs of the community. The City recognizes the significant value of the services offered by Non-Profit Organizations that enhance the social, recreational, cultural, environmental, and economic well-being and vitality of the community. Financial assistance, whether through Permissive Tax Exemptions, Community and Operating Grants, or Non-Market Leasing of civic lands and facilities, is a means for Council to support Non-Profit Organizations within the community that further the objectives of Council to enhance the quality of life while delivering services economically to the citizens of Campbell River.

### 2. PURPOSE

- 2.1 The purpose of this Policy is to establish a comprehensive City financial assistance program. This Policy includes Property Tax Exemptions, Community and Operating Grants, and Non-Market Leasing provided by the City of Campbell River. The Policy aims to support Non-Profit Organizations that contribute to the social, recreational, cultural, environmental, and economic well-being and

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vitality of the community by:

- a) providing temporary financial assistance to local Non-Profit Organizations for projects, activities, and events that strengthen and enhance the well-being of community, promote and support the goals, objectives and Strategic Priorities of the City and Council.
- b) providing local government endorsement to better attract and leverage funding from more senior levels of government and donors.
- c) financially assisting groups with the delivery of services which work to reduce social, economic, or physical barriers and/or improve the quality of life for residents of the community.
- d) supporting Non-Profit Organizations that serve vulnerable and hard to reach populations in areas where the municipality does not provide services.
- e) to provide guidance to staff on the administration of financial assistance provided by the City. Financial assistance including in-kind goods or services provided by the City to or on behalf of a Non-Profit Organization, where the local government does not directly receive a good or service in return, is under the scope of this Policy.
- f) establish guidelines regarding the granting of a lease, licence of occupation, or other right to permit the use of lands or facilities owned by the City by a Non-Profit Organization for a term that extends beyond a monthly tenancy.

### 3. SCOPE

#### 3.1 Eligibility Criteria

Non-Profit Organizations that do not meet the eligibility criteria contained in this section will not be considered for any financial assistance program under this Policy. The Non-Profit Organization must demonstrate they meet all the following criteria:

- a) are a Non-Profit Organization with a BC Society number and/or a registered charity with the Canada Revenue Agency for a period of at least two (2) years;
- b) provide services that enhance the community's wellbeing and that primarily benefit residents within the City;
- c) provide services that are accessible to anyone regardless of age, ability, orientation, ethnic/cultural background, or socio economic status;
- d) be compliant with all statutes, municipal policies, plans, bylaws, codes, and regulations;
- e) be closely in alignment with at least one or more of Council's Strategic Priorities;
- f) provide complete financial information for the Non-Profit Organization which includes a complete set of year-end financial statements including a balance sheet and income statement for the last two (2) fiscal periods
- g) can demonstrate a concerted effort has been made, even if unsuccessful, to secure

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funding from sources other than the City all accounts or fees and charges levied by the City to the applicant must be current; and

- h) a completed application form for the applicable financial assistance request as provided by the City.

The completeness of each application is the ultimate responsibility of the applicant. All information and documents requested on the application form must be supplied. Incomplete, false, or erroneous information will disqualify a Non-Profit Organization from receiving assistance under this Policy.

An appeal is only allowed in cases of administrative errors during the application review. Administrative errors are where an eligibility criterion has been incorrectly assessed. There is no appeal process should financial assistance be denied or partially funded. If a request is denied, applicants cannot re-apply for the same grant request until the following calendar year. Changing the request amount does not constitute a new application.

### 3.2 *Evaluation Criteria*

Applicants applying for financial assistance in any one category within this Policy will be judged on the following merits:

- a) The Non-Profit Organization's goals, objectives, and activities, and how closely they are aligned with the City's goals and objectives within the purpose of this Policy. Non-Profit Organizations demonstrating closer alignment with Council's Strategic Priorities will receive a higher application score in this section as compared to Non-Profit Organizations with less alignment to Council's Strategic Priorities.
- b) Quality of application that includes evidence of clear goals and expected outcomes. Answers are complete, well thought out, clear, precise, etc.
- c) The level of community support for the service provided by the applicant. Non-Profit Organizations who demonstrate larger community involvement will receive a higher application score in this section as compared to Non-Profit Organizations demonstrating lower community involvement (i.e. how many directly use the service/participate/benefit).
- d) Demonstrates financial need for the requested funding. Financial need is defined as meeting at least one of the following financial metrics in one of the two prior fiscal periods:
  - i. Quick ratio not greater than 2.5 (current assets/current liabilities). Too high of a quick ratio could indicate that a business is overly liquid in the short term because it is not putting its money to work in an efficient manner by hiring, expanding, developing, or otherwise reinvesting in its operations. It could also indicate the Non-Profit Organization is financially strong and does not require financial assistance from the City.
  - ii. Operating margin of less than 20%. The operating margin can indicate whether a Non-Profit Organization is operating efficiently and is reinvesting funds into its



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annual operating costs. Too high of an operating margin can indicate the Non-Profit Organization is financially strong and does not require financial assistance from the City.

- e) To reduce dependency on City assistance, applicants must demonstrate that the financial assistance received from the City does not exceed 50% of total revenues prior to applying for municipal assistance as demonstrated in the prior fiscal year's financial statements. Applicants who do not meet these criteria will have their request limited to a maximum of 50% of funding from total revenue.
- f) The Non-Profit Organization cannot be in direct competition with another duly licenced for-profit business within the City. Applicants must demonstrate that they do not compete with another for-profit business with the same clientele.

Only applications meeting the minimum application score of 70 points out of 100 will be considered for funding. Applications not achieving the minimum required score on their application will not be considered for partial funding. Applicants achieving the minimum required application score will have the full amount of their request considered to the extent that budget is available to fund the request.

This Policy applies to all requests for the use of civic lands and/or facilities by Non-Profit Organizations for less than the market value. This Policy will apply to all new leases, licences of occupation, or other granted rights for the use of civic lands and/or facilities as well as existing agreements at the time of renewal.

The guidelines contained in this Policy apply to real property, including improvements on real property, and to personal property associated with the use of the real property or improvements. This is not intended to fetter the statutory discretion of Council to grant assistance to any person where Council is authorized to do so by law. Despite anything in this Policy, the City is prohibited by the [Community Charter](#) from disposing of real property, through the granting of a lease, licence, or other rights, at less than fair market value in certain circumstances and the guidelines contained within this Policy cannot be interpreted to provide authority or any obligation to override such statutory limitations.

## 4. PRINCIPLES

### Permissive Tax Exemptions

#### 4.1 Scope and Purpose

Permissive tax exemptions are designed to support Non-Profit Organizations that add to the City's quality of life by delivering economic, social and cultural programs and which, under ordinary circumstances, would be subject to property tax.

The Province of British Columbia has enacted sections 220 and 224 of the [Community Charter](#) which govern exemptions from property taxation. Section 220 of the [Community Charter](#) deals exclusively with statutory exemption granted by the Province for which the City has no control over. Non-Profit Organizations such as

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hospitals, schools, and places of religious worship are statutorily exempt from property taxation, and the City has no discretion to provide or withdraw a statutory tax exemption.

Section 224 of the [Community Charter](#) provides the means for the City to permissively exempt certain qualifying Non-Profit Organizations from property taxation. This policy provides the basis for reviewing applications for these permissive exemptions. The awarding of non-statutory permissive tax exemptions is solely within Council's discretion; Council may deny any and all permissive tax exemption requests that are not statutorily exempted.

Council recognizes the important services provided by eligible Non-Profit Organizations for the betterment of the quality of life for the citizens and visitors to our community. Council is also cognizant of the additional tax burden placed on the remaining non-exempt properties which is created by exempting a share of the taxable assessment.

### 4.2 *Permissive Tax Exemption Limit*

- a) The City of Campbell River will provide permissive tax exemptions to eligible groups up to an amount not exceeding **1.4%** of the prior year general tax levy.
- b) The funding limit will be reviewed in the second year of each Council term. The funding limit may also be reviewed and amended in any year at Council discretion.
- c) If permissive exemptions awarded to eligible groups exceed the limit for the year the Permissive Tax Exemption Bylaw is adopted, permissive exemptions will be reduced proportionally amongst all eligible groups to whatever level is necessary to ensure the threshold is met.
- d) Applicants added in a subsequent year will only be granted to the extent of the remaining available budget.

### 4.3 *Property Tax Exemption Criteria and Conditions*

To be eligible for a Permissive Tax Exemption under this section a Non-Profit Organization must adhere to all the following criteria and conditions in addition to the criteria in Sections 3.1 and 3.2:

- a) must meet the requirements of Section 224 of the [Community Charter](#);
- b) subject property must be one of:
  - i. land and/or improvements owned by the applicant; or
  - ii. the proportion of land and/or improvements leased under an annual agreement;
- c) the applicant Non-Profit Organization's use of the lands/improvements must benefit the community in one or more of the following ways:
- d) provides recreational facilities for public use;
- e) provides recreation programs to the public;
- f) provides programs to and/or facilities used by youth, seniors or other special needs groups (places of worship, health services, community service Non-Profit Organizations, etc.);
- g) preserves an environmentally, ecologically significant area of the community ;

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- h) offers cultural or educational programs to the public which promote community spirit, cohesiveness and/or tolerance;
- i) offers services to the public in formal partnership with the municipality; and
- j) Parking lots and land surrounding a building. Parking lots and land surrounding a building are only eligible for a maximum 50% Permissive Tax Exemption on the portion of lands surrounding the building unless one of the following is applicable:
  - i. the parking lot and land surrounding the building is directly used in the delivery of the service at least 4 out of 7 days a week on average and at least 50% of the parking lot or land is being used or occupied during this time;
  - ii. the total area of the parking lot and land surrounding the building is less than 2500 square feet;

Should the applicant satisfy any one of the criteria identified above the parking lot and land surrounding the building will be eligible for a Permissive Tax Exemption up to 100%.

- k) Exemptions are based on the principal use of the property, not on the charitable service of the Non-Profit Organization as a whole.
- l) Only the part of the property used for non-profit activities will be considered for exemption. Non-Profit Organizations must provide a description of how the land, or improvements are used and how this use relates to the purpose of the Non-Profit Organization.
- m) Commercial activities will proportionally reduce any Permissive Tax Exemption awarded. For clarity, society administration is considered part of the Non-Profit Organization's program delivery.
- n) Vacant land not currently being used for a purpose that is directly related to the purposes of the Non-Profit Organization will not be eligible for a Permissive Tax Exemption.
  - i. in the event of dissolution, insolvency or bankruptcy of the Non-Profit Organization, written notice must be given to the City.
  - ii. the City must be notified prior to the sale of any of the property that has received a Permissive Tax Exemption.
- o) Non-Profit Organizations that have been approved for a Permissive Tax Exemption greater than one (1) year are responsible for providing a letter of certification by May 31st each year that confirms there has been no change in ownership or property use nor any other change that may impact eligibility for a Permissive Tax Exemption.
- p) Recipients of Permissive Tax Exemptions from the City are required to publicly acknowledge the exemption. Applicants are requested to indicate in their application how the City will be acknowledged.
- q) On a property-by-property basis, Non-Profit Organizations receiving a Permissive Tax Exemption are not eligible for any other funding associated with that property under this

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Policy except for the City Operating Grant.

- r) Community Gardens are eligible for a permissive tax exemption and non-market lease of City owned lands

#### 4.4 Application Process and Timelines

Council will review and approve a Property Tax Exemption bylaw once every four years in the second year of a Council's four-year mandate. The bylaw is in effect for up to a four (4) year period. The bylaw is supported by a full review of all applications.

The opportunity to apply will be advertised in accordance with [Public Notice Bylaw No.3938, 2023](#). In addition, application packages will be available at any time from the City's website or City Hall. The application will be posted on the City's website at least 30 days prior to the deadline.

#### Process Timeline

June 30	Application deadline
July – August	Internal review of applications by Staff
October 31 or earlier	Adoption of Bylaw

Applications must be submitted to the City electronically to [pte@campbellriver.ca](mailto:pte@campbellriver.ca) or in person by June 30 using the prescribed Permissive Tax Exemptions application form.

Applications submitted to the City will be published in Council meeting minutes and are available to the public.

City administration will designate a staff member to review the applications for completeness and arrange contact with applicants for additional information at their discretion. Any recommendations will be reviewed by the Chief Financial Officer or City Manager.

City staff will prepare a summary report of recommendations, and an accompanying bylaw as required under Section 227 of the [Community Charter](#) for Council consideration in advance October 31 of each year.

#### 4.5 Term

Permissive Tax Exemptions shall be for a term no longer than four (4) years and coincide with Council's term:

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Council Term	Max Term of Agreement (Years)
Year 1	1
Year 2 (Intake Opens)	4
Year 3	3
Year 4	2

New applications will be considered on an annual basis with the maximum duration relating to the remaining Council term. Consideration of new applications is also restricted to the remaining budget as prescribed in Section 4.2.

#### 4.6 Other Conditions

An applicant may meet all eligibility and evaluation criteria, however Council may at its discretion, grant a partial or no exemption.

Council may impose conditions on the exempted land/improvements with the applicant Non-Profit Organization, including but not limited to:

- a) Registration of a covenant restricting use of the property.
- b) An agreement requiring payment equal to the foregone tax revenue should the property be sold, transferred to other parties, or no longer used for the purposes stated in this application. Any such repayment would be pro-rated to ensure the portion of the taxation year for which the Non-Profit Organization was still entitled to the Permissive Tax Exemption was honoured by the City.
- c) An agreement committing the Non-Profit Organization to continue a specific service/program.
- d) An agreement committing the Non-Profit Organization to have field/facilities open for public use for certain times or a total amount of time.
- e) An agreement committing the Non-Profit Organization to offer use of the field/facility to certain groups free of charge or at reduced rates.
- f) An agreement committing the Non-Profit Organization to immediately disclose any substantial increase in the Non-Profit Organization's revenue or anticipated revenue or any change in the status of the property.
- g) Council may impose penalties on an exempted Non-Profit Organization for breach of exemption conditions, including but not limited to:
  - i. An agreement committing the Non-Profit Organization to immediately disclose any substantial increase in the Non-Profit Organization's revenue or anticipated revenue

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- or any change in the status of the property.
- ii. Disqualifying any future exemption applications for a specific period.
- iii. Requirement repayment of monies equal to the exempted tax revenue.

### Community Grant

#### 4.7 Application Process and Timelines

The City may provide a Community Grant to a Non-Profit Organization for projects or events which are beyond the scope of the City services and represent an appropriate use of tax dollars to the benefit of the citizens in the community. The Community Grant is to assist Non-Profit Organizations to realize projects, programs or events that benefit the City and contribute to the cultural, social and economic vitality of the City.

The awarding of a Community Grant is solely within Council's discretion; Council may approve, amend, or deny any request.

#### 4.8 Funding Limit for Community Grants

The cumulative annual limit in the year is **\$150,000**.

The maximum grant limit for each Non-Profit Organization under the Community Grant is **\$20,000**.

If the total Community Grants awarded exceed the cumulative annual limit for the year, each Community Grant will be reduced proportionally amongst all eligible groups to whatever level is necessary to ensure the threshold is met.

The funding limit will be reviewed in the second year of each Council term. The funding limit may also be reviewed and amended in any year Council's discretion.

#### 4.9 Eligibility Criteria for Community Grants

To be eligible for a Community Grant under this section a Non-Profit Organization must adhere to all following criteria:

- a) Non-Profit Organizations must meet the general criteria in Sections 3 and 3.1 of this Policy;
- b) projects or events must:
  - i. be held within the City
  - ii. directly benefit the residents of the City;
- c) the grant cannot be used to it is to pay for City services, i.e. property taxes, development fees;
- d) Non-Profit Organizations are eligible for one (1) Community Grant; and
- e) if the event is a fundraiser, it is run by a local not for profit group and 100% of money raised through the event stays in the City.

Non-Profit Organizations receiving a Community Grant are not eligible for any other funding under this Policy with the exception of those organizations approved for a City Operating Grant.

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Non-Profit Organizations receiving a Community Grant must also submit a final report to the City within sixty (60) days of the end of the project or event. Failure to submit a final report will disqualify the Non-Profit Organization from one (1) subsequent year of funding in this Policy.

If for any reason the Non-Profit Organization cannot use the Community Grant at the expected time, decide not to carry out the plans described in the grant application or refuse the grant conditions, the Non-Profit Organization must notify the City immediately and return the grant funds in full. Unused grant funds will not be carried over to the next calendar year.

### 4.10 Community Grant Application Process and Timeline

The City will consider applications annually. The application form will be made available at City Hall or on the City's website.

The opportunity to apply will be advertised on the City's website and in the local newspaper. In addition, application packages will be available at any time from the City's website. The application will be posted on the City's website at least thirty (30) days prior to the deadline.

Applications must be submitted to the City electronically to [communitygrants@campbellriver.ca](mailto:communitygrants@campbellriver.ca) or in person by August 31 using the prescribed application form.

#### Process Timeline

August 31	Application deadline
September - October	Internal review of applications by Staff
November	Council agenda approval
December	Release of funds

Community Grant funding will be prioritized to applications received by the deadline. Late applications will be accepted after the August 31 deadline if there is still capacity in the Community Grant budget (on a first come first serve basis) after the initial round of approvals. Late applications are still subject to internal review by staff and are reviewed on a quarterly basis.

Late applications requesting grants exceeding \$10,000 is subject to City Manager approval. Notice will be provided to Council for grants authorized by the City Manager on a quarterly basis.

### 4.11 Term

The term of the Community Grant is for one (1) calendar year.

### 4.12 Acknowledgement of Funding

The Non-Profit Organization will provide the following acknowledgement regarding the City's financial support:

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- a) City logo placement on the Non-Profit Organization's website, and/or applicable marketing materials including advertisements, posters, and brochures (logo to be provided by City);
- b) in addition to logo use, the City is to be recognized in printed products (e.g. programs, posters etc.), advertisements, signage, and correspondence where applicable;
- c) recognition in media including event listings, media releases, and other community listings as applicable;
- d) electronically through newsletters, bulletins, blogs, and social media; and
- e) other recognition items if/when applicable and agreed on by both parties.

The City reserves the right to use material relating to its promotional and advertising campaigns.

### City Operating Grant

#### 4.13 Scope

The City may provide a City Operating Grant to aid a Non-Profit Organizations who occupy and operate from a City-owned facility to assist with an applicant's general operating expenses such as facility development, administrative costs, or program-related expenses. City Operating Grants provide on-going funding for eligible Non-Profit Organizations that Council determines provide benefit to the community.

The awarding of a City Operating Grant is solely within Council's discretion; Council may deny any and all requests.

#### 4.14 City Operating Grant Funding Limits

The City will provide a City Operating Grant to eligible Non-Profit Organizations up to an amount not exceeding **\$550,000** annually.

If the total City Operating Grants awarded exceed the cumulative annual limit for the year, each grant will be reduced proportionally amongst all eligible groups to whatever level is necessary to ensure the threshold is met.

The funding limit will be reviewed in the second year of each Council term. The funding limit may also be reviewed and amended in any year at Council discretion.

#### 4.15 Eligibility Criteria

To be eligible for a City Operating Grant under this section, a Non-Profit Organization must adhere to all of the following criteria:

- a) Non-Profit Organizations must meet the general criteria in Sections 3 and 3.1 of this Policy;
- b) the City Operating Grant is restricted to Non-Profit Organizations operating in a City-owned facility;
- c) the grant cannot be used to it is to pay for City services, i.e. property taxes, development fees; and



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- d) Non-Profit Organizations who have received funding in previous years must submit annual financial statements by June 30 of each year;
- e) Non-Profit Organizations receiving a City Operating Grant are not eligible for any other funding under this Policy except for a Permissive Tax Exemption, community grant and non-market lease.

### 4.16 Process and Timeline

Council will consider applications annually. The application form will be made available at City Hall and on the City's website at [www.campbellriver.ca](http://www.campbellriver.ca).

The opportunity to apply will be advertised on the City's website and in the local newspaper. In addition, application packages will be available at any time from the City's website. The application will be posted on the City's website at least thirty (30) days prior to the deadline.

Applications must be submitted to the City electronically or in person by the deadline in this section (or at a later date at the discretion of Council) using the prescribed application form. The Director of Financial Services or their designate will review the applications.

#### Process Timeline

August 31	Application deadline
September - October	Internal review of applications by Staff
November	Council agenda approval
December	Release of funds

### 4.17 Term

City Operating Grants shall be for a term no longer than four (4) years and coincide with Council's term:

Council Term	Max Term of Agreement (Years)
Year 1	1
Year 2 (Intake Opens)	4
Year 3	3
Year 4	2

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New applications will be considered on an annual basis with the maximum duration relating to the remaining Council term. Consideration for new applications is also restricted to the remaining budget as prescribed in Section 4.14.

### 4.18 Acknowledgement of Funding

The Non-Profit Organization will provide the following acknowledgement regarding the City's financial support:

- a) City logo placement on the Non-Profit Organization's website, and/or applicable marketing materials including advertisements, posters, and brochures (logo to be provided by City);
- b) in addition to logo use, the City is to be recognized in printed products (e.g. programs, posters etc.), advertisements, signage, and correspondence where applicable;
- c) recognition in media including event listings, media releases, and other community listings as applicable;
- d) electronically through newsletters, bulletins, blogs, and social media; and
- e) other recognition items if/when applicable and agreed on by both parties.

The City reserves the right to use materials relating to its promotional and advertising campaigns.

If for any reason you cannot use the grant at the expected time, decide not to carry out the plans described in your grant application or refuse the grant conditions, you must notify the City immediately. If you are unable to complete your project or event any unspent funds must be returned to the City. Council may also request funds be returned to the City at their discretion. Unused grant funds will not be carried over to the next calendar year.

### Miscellaneous

### 4.19 In-kind Donations / Waiver of Fees

A request to waive fees in the [User Fees and Charges Bylaw No. 3271, 2006](#) requires Council approval unless otherwise stated in the Bylaw.

In-kind Donations are contributions from the City that do not involve a direct cash contribution but instead include the following:

- a) Recreation Facility Rentals (rental fee waived/reduced).
- b) Waiver of Development Services Fees (i.e. Building or Development permits).
- c) Municipal staff support (wages waived/reduced).
- d) Use of City-owned equipment and/or materials (rental fee waived/reduced).

Grants may be provided through in-kind services. Requests for in-kind services can be made through the grant application form. Requests are subject to the respective department's Director approval.

### 4.20 Recreation Facility Rentals

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Recreation Facility Rental subsidy is available for eligible Non-Profit Organizations which require the use of City-owned facilities while hosting athletic, social, or cultural events. The process to handle these types of requests is as follows:

- a) Requests shall be made to the Recreation Manager;
- b) The Recreation Manager or delegate will review and approve requests throughout the year;
- c) A total subsidy of \$15,000 is set aside to fund events or services for Recreation Facility Rentals;
- d) The available subsidy will cover no more than 50% of the maximum of \$1,000 per Non-Profit Organization;
- e) Organizations renting a City facility for the purpose of Remembrance Day or National Truth and Reconciliation Day must submit an annual request to be approved by the Recreation Manager. Rental will be provided up to four hours free of charge;
- f) The applicant is responsible for ensuring that the space/facility required is reserved for the required times and that the Recreation Facility Rental requirements (i.e. insurance, etc.) are met.

### 4.21 Waiver of Development Services Fees

*A request to waive fees in the [User Fees and Charges Bylaw No. 3271, 2006](#) requires Council approval unless otherwise stated in the Bylaw. Fees that cannot be waived must be funded by the City and must be in compliance with Section 25 of the [Community Charter](#). The process to handle these types of requests is as follows:*

- a) *Requests shall be made to the Director of Development Services or their designated representative;*
- b) The Director of Development Services or their delegate will review and approve requests throughout the year; and
- c) All requests must be approved by Council. Council reserves the right to approve or deny any request to waive fees.

## Non-Market Leasing of City-owned Lands and Facilities

### 4.22 General

To deliver services to the community in the most efficient and effective manner, the City may lease or licence the use of civic facilities or land at a nominal or reduced rent/fee to Non-Profit Organizations offering community services for public benefit and the City considers it to be in the public interest to do so. The guidelines listed below will assist in determining if a nominal rent is applicable based on the level of public benefit provided.

### 4.23 Administration

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The City's Property Services Manager is to evaluate requests for favourable leases, licences, or other rights to use civic facilities or lands to determine if they meet the following conditions:

- a) The facility will be operated by a registered Non-Profit Organization;
- b) The Non-Profit Organization must provide proof of their non-profit status and be in good standing with the BC Registrar of Companies;
- c) The Non-Profit Organization must offer programs or services that provide tangible benefits for the citizens of Campbell River as established in this Policy;
- d) The Non-Profit Organization provides the only opportunity or one of only a few opportunities for the service, activity or benefit in the community; and
- e) The City need for the subject property for alternate purposes does not conflict with the term of the proposed agreement.

If the request satisfies the conditions listed under Section 4.23, the Property Services Manager shall refer the request to other affected City departments for review.

An administrative fee for lease renewals will be charged in accordance with the City's [Miscellaneous Fees and Charges Bylaw No. 3397, 2009](#).

The City may offer the use of City facilities or lands at market rent to Non-Profit Organizations that primarily offer a direct service for private benefit. If some of the services offered provide demonstrable public benefit, consideration may be given for some rent reduction if a portion of the services provides public benefit and meets the eligibility and evaluation criteria contained under sections 3.1 and 3.2 of this Policy.

### 4.24 Council Approval

All requests must receive Council approval prior to an agreement being executed or the commencement of a project.

Council will consider whether the proposed use of civic lands and/or facilities is necessary and in the best interests of the City in keeping with existing policies and the strategic objectives of Council.

Upon approval, the Non-Profit Organization will be required to enter into a written agreement with the City to include the City's standard contract terms.

The receipt of a lease, licence of occupation, or other right to use civic lands and/or facilities at a nominal rate will exclude a Non-Profit Organization from being eligible for City financial assistance, including community grants or permissive tax exemptions. It is hereby understood that a Non-Profit Organization that receives a lease, licence of occupation, or other right to use civic lands and/or facilities at a nominal rate **must** disclose this information in any applications for other funding from the City.

Nothing in the guidelines of this Policy shall be interpreted as preventing or obliging the City in determining the value of the disposition or from attempting to relate the value of the assistance to an estimate of the value of the benefit to the community provided by the proposed disposition.

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Where the request involves a business or commercial enterprise, disposition may only be carried out pursuant to a partnering agreement or otherwise in accordance with the [Community Charter](#) or other statutory power that may be granted by the Province from time to time.

## 5. EXCLUSIONS

5.1 *City Initiative Grant programs are not included in the scope of this Policy. City Initiative Grants include:*

- a) Downtown Façade Improvement Program
- b) Downtown Signage Incentive Program
- c) Crime Prevention Through Environmental Design (CPTED)
- d) Downtown Small Initiatives Program
- e) Refresh Downtown
- f) Downtown Revitalization Tax Exemption
- g) Waterfront Task Force
- h) Downtown Revitalization programs
- i) Housing Accelerator Fund (HAF) related programs
- j) Other department led City Initiative Grant programs as approved by Council

## 6. RELEVANT BYLAWS, PROCEDURES, AND POLICIES

[Council Strategic Plan](#)

[Permissive Exemption from Taxation Bylaw No. 3920, 2023](#)

[User Fees and Charges Bylaw No. 3271, 2006 \(consolidated to Bylaw 3956, 2024\)](#)

## 7. REFERENCE DOCUMENTS

[Community Charter, Part 3, Division 2](#)

[Societies Act](#)

City of Campbell River Financial Assistance Application Form

## 8. IMPLEMENTATION OF POLICY

1. This Policy shall become effective immediately upon approval by Council.

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Attachments: Schedule A: Definitions

Schedule B: Lease/Licence Review Process Flowchart

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## SCHEDULE A

### Definitions

The following definitions are used in this Policy:

<b>City</b>	Means the City of Campbell River.
<b>City Operating Grant</b>	A grant provided to assist applicants, who operate in City-owned facilities, with general operating expenses such as facility maintenance, administration, or program-related expenses. City Operating Grants provide on-going funding for eligible Non-Profit Organizations that provide a benefit to the citizens in the City of Campbell River.
<b>Community Grant</b>	A grant provided to a Non-Profit Organization to support the promotion and delivery of projects and events which are beyond the scope of City services but represent an appropriate use of taxpayer dollars to benefit the citizens of the City of Campbell River.
<b>Council</b>	Means the Council of the City of Campbell River.
<b>Grant</b>	is a financial or in-kind contribution awarded by the City of Campbell River to a Non-Profit Organization for a specified purpose.
<b>In-kind Contribution</b>	Any non-monetary assistance provided by the City of Campbell River to a Non-Profit Organization.
<b>Minimum Application Score</b>	The minimum application score that an applicant must achieve to be considered for any financial assistance by the City of Campbell River is 70%.
<b>Non-Profit Organization</b>	A society as defined in the <i>Societies Act</i> or a registered charity as defined by the Canada Revenue Agency.
<b>Operating Margin</b>	Operating Margin is calculated as: $\frac{\text{Profit, Loss, Surplus, or Deficit}}{\text{Total Revenues}}$
<b>Permissive Tax Exemption</b>	An exemption granted at the discretion of Council by bylaw in accordance with Section 224 of the Community Charter. A permissive exemption exempts a property either partially or fully from municipal and other taxes. User fees and charges are not exempted.

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**Lease** Any agreement to which a Non-Profit Organization receives the right to occupy or use City-owned lands or facilities. For the purpose of this Policy, the term Lease also encompasses non-written agreements, licences of occupation, or other granted rights.

**Quick Ratio** Quick ratio is calculated as:

$$\text{Quick Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Current assets are assets that can be converted to cash in less than 90 days and consist of cash, short-term investments, and accounts receivable. Current liabilities consist of liabilities that will be paid off in the next 12 months and may consist of accounts payable, wages payable, accrued expenses, and short-term debt.

**Nominal or Non-Market Lease** Leases, licences of occupation, or other granted rights to access and use City-owned lands and/or facilities at a rental rate that is less than fair market value (e.g. \$1 for the term).



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## SCHEDULE B LEASE/LICENCE REVIEW PROCESS

