

TO:	CORPORATE SERVICES COMMITTEE ON FEBRUARY 21, 2017
FROM:	MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	RESERVE FUND HOUSEKEEPING LAND ACQUISITION RESERVE FUND

RECOMMENDATION

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the proposed by-law, as appended to the staff report dated February 21, 2017, **BE INTRODUCED** at the Municipal Council meeting on March 2, 2017 to repeal and replace By-law No. A.-5998-513, being “A by-law to establish the Land Acquisition Reserve Fund” and repeal By-law No. A.-5076-148 being “A by-law to establish a reserve fund for Miscellaneous Land Acquisitions”.

BACKGROUND

On May 2, 1988 Municipal Council adopted a Miscellaneous Land Acquisition Reserve Fund (Appendix A) for the purpose of funding the acquisition of land of a miscellaneous nature. On June 12, 2006 Municipal Council adopted a Land Acquisition Reserve Fund (the “Fund”) (Appendix B) that was intended to replace the Miscellaneous Land Acquisition Reserve Fund passed in 1988. However the by-law to repeal the Miscellaneous Land Acquisition Reserve Fund passed in 1988 was not introduced at Municipal Council. This was an administrative oversight.

The purpose of this report is to repeal the Miscellaneous Land Acquisition Reserve Fund by-law that was approved by Municipal Council on May 2, 1988 and to repeal and replace the Fund by-law that was approved by Municipal Council on June 12, 2006 with an amended Fund by-law (Appendix C).

Proposed Changes To The Current Fund By-law

The changes to the Fund are summarized below:

Current Fund By-Law	Proposed Fund By-Law
Clause 2 states that the Fund be used for the cost of acquiring land in advance of projected need.	<p>Clause 2 addresses how the Fund will be used. It has been broken down into the following two sections:</p> <p>Clause 2a - The cost of acquiring land and property in advance of projected need.</p> <p>Clause 2b - Operating costs associated with maintaining the land and property until the future use of the land and property is determined by Municipal Council.</p> <p>Rationale:</p> <p>The use of the Fund has been expanded to include not only acquiring land, but also operating and other costs associated with maintenance, demolition of buildings, and</p>

Current Fund By-Law	Proposed Fund By-Law
	other studies associated with the land and property.
<p>Clause 3 requires Municipal Council approval on the allocation of monies from the Fund prior to funds being expended.</p>	<p>Clause 3 requires Municipal Council approval on the allocation of monies from the Fund prior to funds being expended with a specific reference to section 2a (acquiring land and property).</p> <p>Clause 4 provides the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer or designate with the authorization to expend monies with specific reference to section 2b (Operating costs associated with maintaining the land and property).</p> <p>Rationale:</p> <p>Approval of Municipal Council will still be required for all land and property acquisitions, however providing delegated authority to the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer or designate for operating costs expended will eliminate the need for Municipal Council authorization each time a bill needs to be paid to maintain the land and property.</p>
<p>Clause 4 provides authority to the City Treasurer to deposit funds raised for land acquisitions or any other funds received for this purpose.</p>	<p>Clause 5 provides authority to the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer or designate to deposit funds raised for land and property acquisitions or any other funds received for this purpose.</p> <p>Rationale:</p> <p>This section has been updated to reflect the City's current organizational structure.</p> <p>The words "or designate" have been added to allow the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer to delegate this administrative responsibility.</p> <p>In order to be consistent with the amended use of the Fund as noted in clause 2 above, funds deposited now includes property acquisitions.</p>
<p>Clause 5 provides authority to the City Treasurer to deposit monies standing in the Fund into a special bank account or consolidated bank account and that earnings derived from deposited monies will be accrued to and form part of the Fund.</p>	<p>Clause 6 provides authority to the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer or designate to invest monies standing in the Fund as permitted in the Municipal Act and to consolidate monies with other funds as long as earnings derived from deposited monies will be accrued to and form part of the Fund.</p> <p>Rationale:</p> <p>This section has been updated to reflect the City's current organizational structure.</p> <p>The words "or designate" have been added to allow the Managing Director, Corporate Services and City Treasurer, Chief Financial</p>

Current Fund By-Law	Proposed Fund By-Law
	<p>Officer to delegate this administrative responsibility.</p> <p>Reference to a section of the Municipal Act with regards to investing monies has been added to be consistent with more current language contained in other reserve fund by-laws.</p>

CONCLUSION

Civic Administration is recommending that the Miscellaneous Land Acquisition Reserve Fund by-law adopted by Municipal Council on May 2, 1988 and the Fund by-law adopted by Municipal Council on June 12, 2006 be repealed and replaced with an amended Fund by-law in order to ensure the Fund parameters are established to best meet the needs of Municipal Council and Civic Administration.

This report was prepared with the assistance of Alan Dunbar in Financial Planning and Policy.

PREPARED BY:	
Jason Senese Manager of Financial Planning & Policy	
REVIEWED BY:	RECOMMENDED BY:
Larry Palarchio Director of Financial Planning & Policy	Martin Hayward Managing Director, Corporate Services and City Treasurer, Chief Financial Officer

Appendices:

- Appendix A - Miscellaneous Land Acquisition Reserve Fund By-Law
- Appendix B - Current Land Acquisition Reserve Fund By-Law
- Appendix C - Proposed Land Acquisition Reserve Fund By-Law

APPENDIX A
Miscellaneous Land Acquisition Reserve Fund By-Law

Bill No. 219

By-law No. A-5076-148

A by-law to establish
reserve fund for
Miscellaneous Land
Acquisitions.

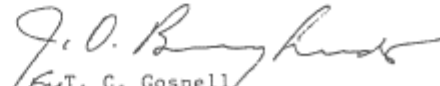
WHEREAS Section 165 of The Municipal Act, R.S.O. 1980 c.302 provides that a municipality may establish a reserve fund for any purpose for which it has authority to spend funds;

AND WHEREAS the Council of The Corporation of the City of London has resolved that a reserve fund known as the Miscellaneous Land Acquisitions Reserve Fund be established to provide a source of funding for the acquisition of land of a miscellaneous nature;

THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. A reserve fund known as the Miscellaneous Land Acquisition Reserve Fund is hereby established.
2. The City Treasurer shall deposit into this reserve fund the following:
 - a) City funds raised specifically for miscellaneous land acquisitions,
 - b) any other funds received or designated for this purpose.
3. The monies standing in the reserve fund shall be expended, pledged or applied only for the purposes of miscellaneous land acquisitions.
4. The City Treasurer may invest the monies standing in the reserve fund in such securities as a trustee may invest under the Trustees Act or in the general funds of the Municipality as prescribed by the City of London Act, 1972 and the earnings derived from the investment of such monies shall form part of the reserve fund.
5. The City Treasurer may deposit the monies standing in the reserve fund into a special bank account or into a consolidated bank account into which are deposited the monies raised for other reserve funds and the earnings derived from such monies shall form part of the reserve fund.
6. Notwithstanding that provision may not be made by the Council in the estimates of the current or any subsequent year for maintenance of the reserve fund, it shall continue and be maintained and the Council shall always be taken as considering the reserve fund as necessary so long as this by-law is in force.
7. This by-law comes into force on the day it is passed.

PASSED in Open Council this 2nd day of May, 1988.


T. C. Gosnell
Mayor


K. W. Sadler
City Clerk

First Reading - May 2, 1988
Second Reading - May 2, 1988
Third Reading - May 2, 1988

APPENDIX B
Current Land Acquisition Reserve Fund By-Law

Bill No. 256
2006

By-law No. A.-5998-513

A by-law to establish the Land Acquisition Reserve Fund.

WHEREAS Section 417(1) of the *Municipal Act, R.S.O. 2001, C.25*, as amended, provides that a municipality may establish a reserve fund for any purpose for which it has authority to spend funds;

AND WHEREAS it is desirable to establish a reserve fund to provide for the acquisition of land in advance of projected needs;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. A reserve fund is hereby established to be known as the "Land Acquisition Reserve Fund" (hereinafter called the "Fund").
2. The monies standing in the Fund shall be used by The Corporation of the City of London to provide for the cost of acquiring land in advance of projected need.
3. Before any monies are expended from the Fund for the purposes outlined in section 2 of this by-law, the approval of the Municipal Council shall be given to the making of the drawdown from the Fund in a given year.
4. The City Treasurer shall deposit in this reserve fund the following:
 - a) City funds raised specifically for land acquisitions,
 - b) any other funds received or designated for this purpose.
5. The City Treasurer may deposit the monies standing in the Fund into a special bank account or into a consolidated bank account into which are deposited the monies raised for other reserve funds, and the earnings derived from the monies so deposited shall accrue to and form part of the Fund.
6. Notwithstanding that provision may not be made by the Council in the estimates of the current or any subsequent year for contributions to the Fund, it shall continue and be maintained, and the Council shall always be taken as considering the Fund as necessary so long as this by-law continues in force.
7. This by-law comes into force on the day it is passed.

PASSED in Open Council on June 12, 2006.

Anne Marie DeCicco
Mayor

Linda Rowe
Deputy Clerk

First Reading – June 12, 2006
Second Reading – June 12, 2006
Third Reading – June 12, 2006

APPENDIX C
Proposed Land Acquisition Reserve Fund By-Law

Bill No.
2017

By-law No. A.-_____

A by-law to establish the Land Acquisition Reserve Fund and to repeal and replace By-law A.-5998-513 being “A by-law to establish the Land Acquisition Reserve Fund” and repeal By-law A.-5076-148 being “A by-law to establish a reserve fund for Miscellaneous Land Acquisitions”

WHEREAS section 9 of the Municipal Act, 2001, as amended, provides that a municipality has all of the rights, powers and privileges of a natural person;

AND WHEREAS subsection 10(1) of the Municipal Act, 2001, as amended, provides that a municipality may provide any service or thing that the municipality considers necessary or desirable for the public;

AND WHEREAS subsection 10(2) of the Municipal Act, 2001, as amended, provides that a municipality may pass by-laws respecting the financial management of the municipality (paragraph 3) and services or things that the municipality is authorized to provide under subsection 10(1) (paragraph 7);

AND WHEREAS Section 417(1) of the *Municipal Act, R.S.O. 2001, C.25*, as amended, provides that a municipality may establish a reserve fund for any purpose for which it has authority to spend funds;

AND WHEREAS it is desirable to establish a reserve fund to provide for the acquisition of land and property in advance of projected needs and operating costs associated with maintaining the land and property until the future use of the land and property is determined by Municipal Council;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. A reserve fund is hereby established to be known as the “Land Acquisition Reserve Fund” (hereinafter called the “Fund”).
2. The monies standing in the Fund shall be used by The Corporation of the City of London to provide for the following:
 - a. The cost of acquiring land and property in advance of projected need; and
 - b. For the operating costs associated with maintaining the land and property until the future use of the land and property is determined by Municipal Council.
3. Before any monies are expended from the Fund for the purposes outlined in section 2a of this by-law, the approval of the Municipal Council shall be given to the making of the drawdown from the Fund in a given year.
4. The Managing Director, Corporate Services and City Treasurer, Chief Financial Officer or designate is authorized to expend monies from the Fund for the purposes outlined in section 2b of this by-law.
5. The Managing Director, Corporate Services and City Treasurer, Chief Financial Officer or designate shall deposit in this reserve fund the following:
 - a. City funds raised specifically for land and property acquisitions; and
 - b. Any other funds received or designated for this purpose.

6. The Managing Director, Corporate Services and City Treasurer, Chief Financial Officer or designate may invest the monies standing in the Fund in such securities as are permitted under subsection 418(1) of the Municipal Act, 2001, as amended, and in so doing, may consolidate the monies standing in the Fund with other funds that the Corporation may hold from time to time provided that any earnings derived from the monies standing in the Fund shall accrue to and form part of the Fund.
7. Notwithstanding that provision may not be made by the Municipal Council in the estimates of the current or any subsequent year for contributions to the Fund, it shall continue and be maintained, and the Municipal Council shall always be taken as considering the Fund as necessary so long as this by-law continues in force.
8. By-law A.-5076-148 being "A by-law to establish a reserve fund for Miscellaneous Land Acquisitions" passed by Municipal Council on May 2, 1988 is hereby repealed.
9. By-law A.-5998-513 being "A by-law to establish the Land Acquisition Reserve Fund", passed by Municipal Council on June 12, 2006 is hereby repealed.
10. This by-law comes into force on the day it is passed.

PASSED in Open Council on March 2, 2017.

Matt Brown
Mayor

Catharine Saunders
City Clerk

First Reading – March 2, 2017
Second Reading – March 2, 2017
Third Reading – March 2, 2017