City of Wetaskiwin Council Policy — *Reserve Policy*

Policy Number:	CO-013
Effective On:	October 27, 2026
Approval History:	November 14, 2006 September 9, 2019 March 24, 2024 April 14, 2026
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Division Responsible:	Finance
Cross-Reference:	

1. Policy Statement

In accordance with the provisions of the *Municipal Government Act.* City Council shall establish reserve accounts and approve transfers through the budget process. The City of Wetaskiwin recognizes that through proper reserve management, the City can provide property tax stabilization, contingency funding, and reduce the need for external debt financing.

2. Purpose

2.1. The City of Wetaskiwin shall manage reserves established by City Council for emergent or future financial needs, to stabilize tax rates, to reduce the need for debt financing, and to set aside funds for the replacement of existing equipment, facilities, and future projects.

2.2. Investment interest will be allocated to capital reserves.

3. Definitions

"Capital Reserve" means a reserve established to fund expenditures of a capital nature to minimize borrowing on long-term projects.

"Ceiling" means the maximum amount a reserve can reach.

"Contingency Funding" means funding meant to improve the City's financial stability by developing a safety net that can be used to address emergency or unanticipated needs.

"External Debt Financing" means borrowing from entities outside the City.

"Facility" means municipal vertical assets, including structural components, building envelopes, and associated building systems.

"Infrastructure" means municipal engineered civil assets, including roads, sidewalks, traffic signals and associated public works infrastructure.

"Legislated Reserves" means a reserve established pursuant to Section 671 of the *Municipal Government Act* requiring that money provided in place of Municipal Reserve land dedication through the subdivision process must be accounted for separately and held in reserve for permitted capital expenditures.

"Net municipal taxes" means the municipal tax levy required to provide services for the year as indicated on the Property Tax Bylaw.

"Operating Reserve" means a reserve established to fund one-time expenditures of an operating nature and used to stabilized budgets with volatile revenue streams.

"Public Art" means art in any medium that has been planned and executed with the intention of being staged in the physical public domain, usually outside and with the goal of being accessible to all. Examples of Public Art may include, but are not limited to sculptures, statues, murals, functional art, and architectural embellishments. It may be abstract or realistic (or both) and may be cast, carved, built, assembled, or painted.

"Purpose" means what reserve funds shall be used for.

"Reserves" means funds specifically set aside to finance future expenditures which are operating, or capital related and are approved by Council.

"Tax Stabilisation" means measure in place to mitigate large increases in tax rates.

"Utility funded reserves" means a reserve established for utilities. These reserves are funded by utility user fees.

4. Responsibilities

4.1. City Council is responsible for the establishment, funding, and closure of reserves. Establishment of, contributions to, and withdrawals from specific Reserves shall be approved by City Council through resolution or bylaw in accordance with the *Municipal Government Act*, RSA 2000, c. M-26 (*MGA*), and amendments thereto.

4.2. The City Manager will be responsible for the implementation of and compliance with this policy.

5. Operating Reserves

5.1. CONTINGENCY RESERVE:
Purpose: Provides funds to deal with unexpected, emergent or emergency expenditures, one-time projects or services not contemplated during the approval of

the annual budget. It is recommended that this reserve should only be used when there is no alternative reserve to address the expenditure. Each request for funding from this reserve is limited to 1% of its ceiling.

If funding is required, that has not been provided for in the budget process, the following provisions apply:

a) Council will only consider requests that are of an unexpected or emergent nature;
b) Council will only consider requests that fulfil a municipal purpose;
c) Council will only consider requests that cannot be fulfilled through regular budget sources; and
d) Council will only consider requests that have been made in writing.

Ceiling: Maximum shall not exceed 10% of the current year's net municipal taxes.

Source of Funding: Funding for this reserve will be surplus once the stabilization reserve has reached its ceiling.

5.2. ELECTIONS AND CENSUS RESERVE:

Purpose: Provides funds to be applied during municipal elections and/or census. The intent is to help offset major fluctuations in annual operating costs and thereby stabilize annual tax requirements.

Ceiling: Maximum shall not exceed the cost of the last election and/or census held plus inflation based on the Consumer Price Index.

Source of Funding: Funding for this reserve will be from the annual operating budget as directed by Council.

5.3. STABILIZATION RESERVE:

Purpose: Provides funds to be applied during the approval of the annual budget to stabilize tax rates. The intent is to help stabilize annual tax requirements.

Ceiling: Maximum shall not exceed 10% of net municipal taxes of the prior tax year.

Source of Funding: Funding for this reserve will be from annual year-end surplus, as directed by Council.

5.4. SNOW REMOVAL RESERVE:

Purpose: Provides funds to cover snow removal costs where costs of annual snowfall exceed the annual budget for snow removal.

Ceiling: Maximum shall not exceed the amount of the annual contracted services cost for snow removal.

Source of Funding: A transfer of $50,000 from the annual operating budget.

5.5. RCMP OPERATING RESERVE:

Purpose: Provides funds to address fluctuations and/or increases in the policing needs of the City, including the cost of major crime investigations or initial funding for new staff.
Ceiling: Maximum reserve balance shall not exceed 25% of the annual operating budget for the RCMP contract.

Source of Funding: The funding source for this reserve is any unexpended funds budgeted annually for the RCMP contract.

6. Capital Reserves

6.1. AIRPORT RESERVE:
Purpose: Provides funds for approved replacement, or upgrade of airport infrastructure.

Ceiling: N/A

Source of Funding: A transfer of $10,000 annually from the airport operating budget.

6.2. CEMETERY RESERVE:
Purpose: Provides funds for the care and upkeep of cemeteries. This includes the Wetaskiwin Cemetery fully funded by the city and the Memorial Cemetery, which is cost-shared with the County of Wetaskiwin.

Ceiling: N/A

Source of Funding: Proceeds from the sale of cemetery plots.

6.3. COMMUNITY SAFETY RESERVE:
Purpose: Funds primarily to address safety needs within the community.

Ceiling: No maximum.

Source of Funding: An annual transfer of $50,000 from the enforcement annual operating budget.

6.4. FLEET RESERVE:
Purpose: Provides funds for the replacement of all City-owned vehicles and equipment or planned purchase of new vehicles and equipment for the City, as approved by Council. Council shall approve the allocation of funds from this reserve required for planned purchase of vehicles and equipment through the approval of the annual capital budget.

Ceiling: A sustainable fund balance or a target level equal to 10% of the net book value of "machinery & equipment" and "vehicles" per the audited financial statements. There shall be no maximum limit.

Source of Funding: During the approval of the annual operating budget, Council shall approve an annual transfer, by department, to the fleet reserve.

6.5. FIRE EQUIPMENT RESERVE:
Purpose: Provides funds primarily for the purchase of new fire trucks and equipment or for major repairs to existing units.

Ceiling: Target level equal to $1,500,000. There shall be no maximum limit.

Source of Funding: A transfer of $290,000 from the annual operating budget of the fire department.

6.6. FACILITY RESERVE:

Purpose: Provides funding to support the lifecycle renewal, major maintenance, replacement, and end-of-life disposal of municipal facilities to extend their useful life. All expenditures from the facility reserve shall align with Council Asset Management Policy CO-023 and all applicable facility asset management plans.

Ceiling: The reserve balance shall be maintained within a target range of 10% and 16% of the estimated facility replacement value.

Source of Funding: Funding for this reserve shall include annual transfers from the operating budget with a target contribution of 2% of the estimated Facility Replacement Value, proceeds from the facility sponsorship program, and proceeds from the sale or disposal of municipal facilities and through budgeted transfers.

6.7. INFORMATION TECHNOLOGY RESERVE:

Purpose: Provides funds to address the ongoing information technology needs of the organization to ensure all resources of the organization are operating efficiently.

Ceiling: Target level equal to $250,000. There shall be no maximum limit.

Source of Funding: A transfer of $250,000 to the annual operating budget of the Information Technology Department.

6.8. INFRASTRUCTURE RESERVE:

Purpose: Provides funds for approved infrastructure reinvestment with a lifespan of 20 years or more.

The use of these reserve funds shall be limited to the following priorities unless otherwise directed by Council:

a) Road infrastructure;
   This includes all surface and base rehabilitation (road base, curb and gutter, asphalt, overlays, crack sealing, road markings, traffic lights, street furniture such as lights, garbage cans, benches and any decorative features) excluding sidewalk and trails.
b) Sidewalk infrastructure;
   This includes both new and replacement of existing concrete and asphalt para ramps and sidewalks.
c) Neighbourhood Renewal Program
   This includes all road reconstruction projects that are required when a road has reached the end of its useful life. Replacements are considered from property line to property line and include all the items noted in road infrastructure scheduled for complete replacement.

Ceiling: Target level equal to at least $ 2,000,000 per year. Once the target is achieved, contribution is to be increased by 5% annually. No maximum limit.

Source of Funding: A transfer from the annual operating budget through the infrastructure reserve.

6.9. PARKS AND RECREATION RESERVE:

Purpose: Provides funds for approved infrastructure reinvestment with a lifespan of 10 years or more. The use of these reserve funds shall be limited to the following priorities unless otherwise directed by Council:

a) This would include new trails or replacement of trails that are included in parks or as part of the larger connected network citywide. It includes all furniture such as lights, benches, garbage cans and tree planting.
b) This reserve can also be used for gazebos or playground replacements, including sports infrastructure or skating rinks.

Ceiling: Target level equal to at least $1,000,000 per year. No maximum limit.

Source of Funding: A transfer from the annual operating budget.

6.10. LANDFILL RESERVE:

Purpose: Funding for the expansion, refurbishment or replacement of the current landfill, including purchase of equipment for landfill operations, the purchase of land for a future landfill, and to cover the costs of a study to evaluate options and future landfill needs. Funds for the cost of reclamation of the landfill are reflected in the Notes to the Audited Financial Statements, as a liability with corresponding investments to cover the estimated cost to date.

Ceiling: N/A

Source of Funding: A transfer of $200,000 from the annual operating budget of the landfill.

6.11. PROPERTY SALES RESERVE:

Purpose: A reserve for proceeds from the sale of the City's property for Resale Inventory for purchase of property for future City needs. Proceeds linked to a purchase agreement are to remain in the reserve until the buyback period has elapsed.

Ceiling: N/A

Source of Funding: Proceeds of sale of City property for resale.

6.12. PUBLIC ART RESERVE:

Purpose: To provide funding for the procurement, commissioning or maintenance and repair of public art. Recommendations for public art procurement and commissions shall come from the Public Art Committee and once approved by City Council, shall be arranged by the Committee.

Ceiling: N/A

Source of Funding: 0.5% of the total annual cost of reconstruction and new construction projects over $1,000,000 to an annual maximum of $25,000 shall be allocated to the reserve. The City may accept public contributions for public art, which shall be transferred into this reserve.

7. Utility Funded Reserves

7.1. WASTE MANAGEMENT RESERVE:

Purpose: Provides funds to support waste management infrastructure needs and for the creation of new or the upgrading and maintenance of existing waste management infrastructure.

Ceiling: N/A

Source of Funding: A transfer of $100,000 from the waste management annual operating budget.

7.2. STORMWATER UTILITY:

Purpose: Provides funds to support stormwater infrastructure needs and for the creation of new or the upgrading and maintenance of existing stormwater utility infrastructure.

Ceiling: N/A

Source of Funding: A transfer of $70,000 from the stormwater utility annual operating budget.

8. Legislated Reserves

8.1. COMMUNITY LAND RESERVE:

Purpose: Provides funds for the purchase and/or development of recreational lands and facilities, restricted by the *Municipal Government Act* to be used for public parks or public recreation purposes. Use of funds is recommended by Administration in the annual budget process and approved by City Council.

Ceiling: N/A

Source of Funds: Funding is regulated by the *Municipal Government Act*.

Original signed and filed with Records Management

Joe Branco, Mayor

Sue Howard, City Manager