

**REPORT TO ELECTORAL AREA SERVICES COMMITTEE
MEETING OF WEDNESDAY, 03 JANUARY 2007**

**SUBJECT EAST SOOKE FIRE PROTECTION AND EMERGENCY RESPONSE RESERVE FUND
BYLAW**

PURPOSE

The purpose of this report is to recommend to the Board adoption of Bylaw No. 3400 to establish a capital reserve fund for the East Sooke Fire Protection and Emergency Response Service Area.

HISTORY/BACKGROUND

On November 8, 2006 the CRD Board gave first three readings to Bylaw 3390, "East Sooke Fire Protection and Emergency Response Service Establishment Bylaw No. 1, 2006" to establish this new CRD service. Capital purchases of vehicles and equipment, such as expensive fire trucks, are necessary but can only be funded by putting surplus dollars aside over several years. The funds are accumulated in a Capital Reserve Fund for the purchase of additional equipment.

ALTERNATIVES

- 1) Approve the establishment of a Capital Reserve Fund to enable the service to set aside annual surplus funds for future capital expenditures.
- 2) Use short term leasing through MFA.

FINANCIAL IMPLICATIONS

Reserve funds provide a readily available source of funding. Fund balances will earn interest. By transferring unused funds at year end to a reserve fund, the service is more likely to accumulate the total funds required for a capital purchase. The cost of leasing can then be avoided.

SUMMARY/CONCLUSIONS

Many services use a Capital Reserve Fund to transfer the funds not required in a particular budget year to a capital reserve. The terms of the bylaw specify the kinds of expenditures that can be made from the Fund. Building up a reserve fund allows for careful planning of future capital requirements.

RECOMMENDATION

"That Bylaw No. 3400, "East Sooke Fire Protection and Emergency Response Service Capital Reserve Fund Bylaw No. 1, 2007" be introduced and read a first time, read a second time, and read a third time and adopted."

Rita M. Estock, Dip Bus Admin, FCGA
Financial Services Division

Diana E. Lokken, Dip Bus Admin, CMA
General Manager Concurrence

Kelly Daniels
C.A.O. Concurrence