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Item No. 15.1.5
Halifax Regional Council
July 8, 2025

TO: Mayor Fillmore and Members of Halifax Regional Council

FROM: Cathie O'Toole, Chief Administrative Officer

DATE: June 10, 2025

SUBJECT: Sustainable Funding and HRM's Reserves

ORIGIN

April 29, 2025 Halifax Regional Council Item 15.2.4:

MOVED by Councillor Morse, seconded by Councillor Deagle Gammon

THAT Halifax Regional Council direct the Chief Administrative Officer (CAO) to return to Council in June 2025 with a staff report with options for managing HRM's reserves for optimal financial sustainability, taking into account the increased funding pressures being experienced by the Municipality.

MOTION PUT AND PASSED UNANIMOUSLY.

EXECUTIVE SUMMARY

This report presents a comprehensive review of the Halifax Regional Municipality's (HRM) reserve structure, funding sustainability, and strategic financial resilience. Amidst rising capital costs, increased funding demands, and reliance on volatile revenue sources, HRM's reserves are under substantial pressure. A jurisdictional scan of leading Canadian municipalities, alongside professional best practices, reveals that HRM's reserve levels—particularly the Risk and Options Reserves—are below industry-recommended thresholds.

Key findings include:

- **Inadequate Risk & Operating Reserves:** Current levels fall below 3% of the operating budget, far short of the Government Finance Officers Association's (GFOA) recommended 16.7%. These reserves lack stable replenishment mechanisms and pose significant financial risk during unforeseen events.
- **Strategic Initiative (SI) Capital Reserve Pressures:** With over \$2.6 billion in planned projects, including critical climate action investments, the SI Capital Reserve is vital but vulnerable. It faces potential shortfalls if land sale proceeds do not meet expectations.

RECOMMENDATIONS ON PAGE 2

- **Unsustainable Reserve Dependencies:** The growing reliance on external sources (e.g., federal funds, land sales) rather than stable tax-based contributions raises concerns over long-term reliability.
- **Underutilized and Redundant Reserves:** The Master Plan Reserve and SI Operating Reserve have limited usage and lack funding strategies, presenting opportunities for consolidation and reallocation.

The report recommends immediate and long-term actions to strengthen HRM's financial sustainability:

1. **Establish Reserve Targets:** Set a combined Risk and Options Reserve target of two months' adjusted operating expenditures (~\$108 million) and a minimum floor of \$32 million.
2. **Reallocate Existing Balances:** Eliminate and consolidate underutilized reserves to redirect funds toward critical priorities.
3. **Enhance SI Capital Reserve Funding:** Redirect SI Operating Reserve contributions, cap operating dependence on Deed Transfer Tax (DTT) at \$60 million, and channel surpluses into strategic reserves.
4. **Strengthen Reserve Governance:** Amend Administrative Order 2014-015-ADM to enable emergency flexibility, ensure timely replenishment, prohibit deficit positions, and impose time limits on commitments.
5. **Improve Forecasting and Oversight:** Engage a third-party consultant to provide accurate land sale forecasts and proactively manage the Business Park Reserve.

RECOMMENDATION

It is recommended that Halifax Regional Council:

1. Suspend Schedule 2, the *Audit and Finance Standing Committee Terms of Reference*, of Administrative Order Number One, *The Procedures of the Council Administrative Order*.
2. Adopt the amendments to Administrative Order 2014-015-ADM, the *Financial Reserves Administrative Order*, as set out in Attachment 2 to this report.
3. Repeal and replace the Reserve Business Cases as set out in Attachment 3 to this report.
4. Approve the creation of the Police Extraordinary Investigation Reserve as outlined in the Reserve Business Case as set out in Attachment 4 of this report.
5. Direct the CAO to consider, in preparing the 2026/2027 Budget and Business Plan, the following reserve contributions:
 - (a) \$5 million to the Capital Fund Reserve (Q526); and
 - (b) Allocating all Deed Transfer Tax revenues exceeding \$60 million to the Strategic Initiative Capital Reserve (Q666).
6. Direct the CAO to change the name of the Climate Action Tax to **Strategic Infrastructure Funding** as part of the 2026/27 Budget and Business Planning process.
7. Direct the CAO to consider and prepare the following reserve reallocations as part of the 2026/2027 Budget and Business Plan:
 - (a) Defunding the Master Plan Reserve (Q556) and transferring funds to the Options reserve (Q421); and
 - (b) Defunding the Strategic Initiative Operating Reserve (Q667) and allocating \$4.8 million to the Capital Fund Reserve (Q526) and \$2 million to the Police Extraordinary Investigation Reserve.
8. Direct the CAO to direct staff to prepare a staff report considering the potential of hiring a consultant

to develop a comprehensive forecast of land sales in business parks, including estimates of future sales volumes and market pricing, and return to Audit and Finance Standing Committee.

BACKGROUND

Reserve funds are an essential component of the municipality's financial position. These funds enable the municipality to save for future expenditures, manage risks, respond to emergencies, and reduce the volatility of tax increases. However, despite the increasing complexity and cost of municipal service delivery, HRM's reserve structure has not kept pace with the scale of risk exposure or capital need.

There are 17 reserves that the municipality maintains. These are categorized based on their intended purpose: to meet obligations (such as facility recapitalization or debt), provide opportunities (such as grants or growth-related investments), and manage risks (such as unforeseen economic or environmental events). Together, they help the municipality build resiliency, protect financial sustainability, and deliver on its strategic commitments to residents and stakeholders.

Reserves are governed by the **Halifax Charter** and **Administrative Order 2014-015-ADM Respecting Reserve Funding Strategies**.

DISCUSSION

Current Reserve Status

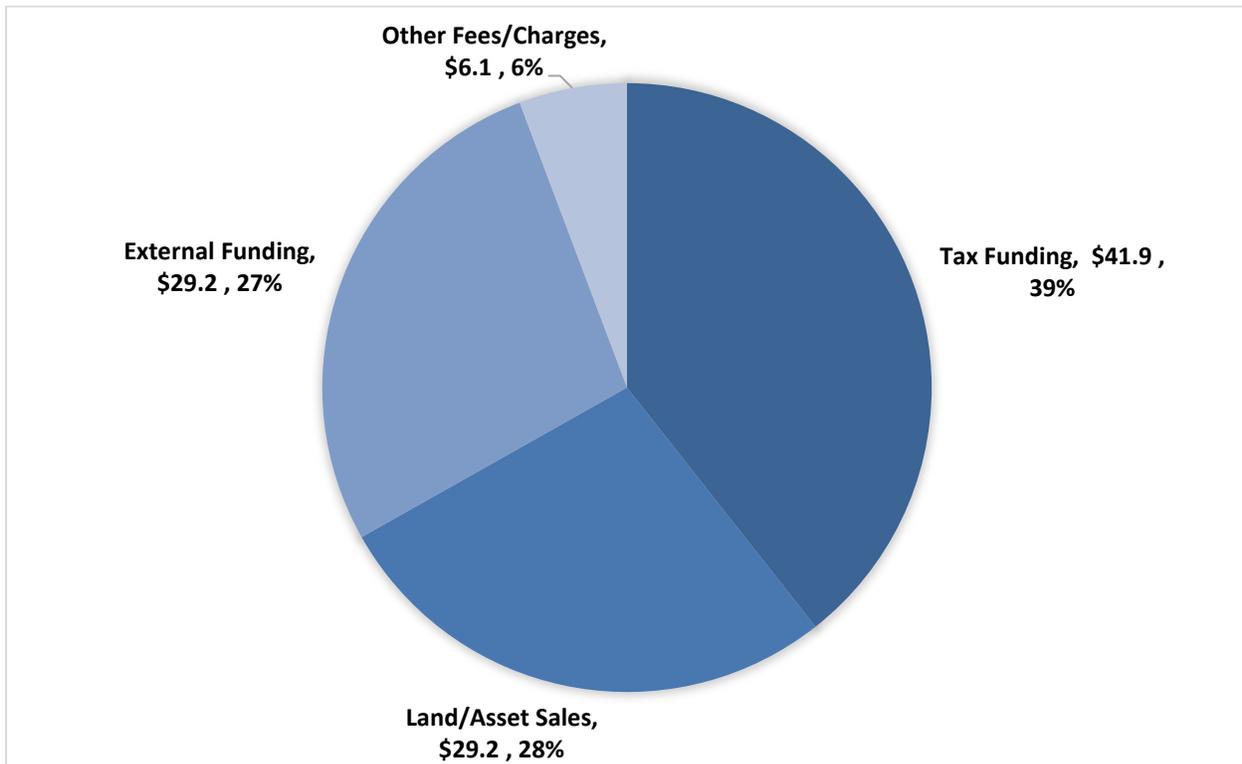
Figure 1 – Projected Reserve Funds as presented in the 2025/26 Budget

RESERVE FUNDS BUDGET					
Projected Net Available Balances					
	2024/25 (as of December 31/24)	2025/26	2026/27	2027/28	2028/29
Risk Reserves					
Risk and Resilience - Q416	\$ 11,954,295	\$ 16,538,395	\$ 16,802,995	\$ 17,071,795	\$ 17,344,895
Total	11,954,295	16,538,395	16,802,995	17,071,795	17,344,895
Obligation Reserves					
Landfill Closure Costs - Q506	11,780,346	12,952,846	11,980,046	11,631,746	11,252,446
Municipal Election - Q511	1,279,763	2,163,863	3,062,063	3,974,663	4,901,863
Convention Centre - Q521	8,081,270	9,113,769	10,162,769	11,228,570	12,311,470
Central Library Recapitalization Reserve - Q536	10,412,543	19,144	19,443	19,741	19,742
Multi District Facilities Reserve - Q546	4,713,223	4,700,556	2,344,440	2,764,132	3,210,707
Solid Waste Facilities Reserve - Q556	12,598,527	9,767,327	7,927,127	6,667,127	6,524,927
Master Plan Reserve (new) - Q566	2,591,390	2,275,090	2,311,490	2,348,490	2,386,090
Business/Industrial Parks Expansion - Q616	45,556,215	64,445,297	32,964,397	(7,148,203)	(29,309,803)
Community and Events Reserve - Q621	5,489,212	6,913,112	8,105,712	9,317,412	10,548,512
Total	102,502,489	112,351,004	78,877,487	40,803,678	21,845,954
Opportunity Reserves					
Strategic Initiative Capital Reserve - Q666	163,897,507	190,276,108	217,076,708	244,306,109	271,971,208
Strategic Initiative Operating Reserve - Q667	5,885,269	6,858,269	7,435,369	8,295,969	9,170,369
Parkland Development Reserve - Q611	8,460,182	9,357,583	10,269,282	11,195,582	12,136,682
Gas Tax Reserve - Q626	7,077,633	4,378,952	5,793,474	6,294,185	6,802,897
Density Bonus - Q640	7,395,889	7,014,190	7,126,389	7,240,389	7,356,189
Options Reserve - Q421	8,813,786	8,619,486	8,757,386	8,897,486	9,039,886
Capital Fund - Q526	15,555,059	15,263,378	14,777,478	13,766,678	12,736,678
Total	217,085,325	241,767,966	271,236,086	299,996,398	329,213,909
Total Reserve Projected Balances	331,542,109	370,657,365	366,916,568	357,871,871	368,404,758

Figure 1, from the 2025/26 Budget, outlines the expected uncommitted reserve balances for the 2025/26 Budget and then forecasts the balances into 2028/29.

In the 2025/26 fiscal year, the municipality allocated \$106 million to reserves, the largest contribution in the municipality's history. However, over sixty per cent of this funding, approximately \$64.5 million, originated from external sources, including the federal government's Canada Community-Building Fund and proceeds from the sale of municipal land, particularly parcels within business parks expansion. Conversely, the portion of reserve funding derived from municipal taxes has declined over the past two budgets: in 2023/24, tax-based contributions accounted for 57% (\$46.2 million) of reserve funding, decreasing to 42.6 per cent (\$42.9 million) in 2024/25. This trend indicates a growing reliance on non-tax revenue streams to bolster reserves. The majority of the funds being put into reserves are for specific uses or to fund commitments that reserves are carrying.

Figure 2 – Reserve Funding Mix 2025/26 Budget (\$ millions)



The funding of reserves poses significant risk to the municipality as the demands to use reserves increases. Simultaneously, HRM faces significant financial pressures:

- The current four-year capital plan exceeds \$2 billion.
- Construction inflation remains elevated (recent estimates show 7-9% annual cost increases in some asset classes).
- HalifACT and other strategic initiatives require significant up-front investments to mitigate long-term fiscal and environmental risks.
- Federal and provincial cost-sharing programs increasingly require municipal matching funds at the time of application.

Given the demands of the capital program, the municipality's debt servicing costs are projected to reach 10% of total revenues within the next seven years. This threshold would place the municipality in the "moderate risk" category according to the Province of Nova Scotia's Financial Condition Indicators (FCI) reporting framework. If the capital program continues to expand while municipal reserves remain stagnant, this timeline could accelerate. Under such a scenario, the municipality risks entering the "high risk" category—defined by the Province as when debt servicing costs exceed 15% of total revenues.

Risk and Options Reserves

To inform the municipality's reserve review, a scan of Canadian municipal practices was conducted with a focus on Risk and Options Reserves. The objective was to identify policy tools and benchmarks that align with financial sustainability, strategic responsiveness, and risk mitigation.

Jurisdictional Scan:

- **Calgary** maintains a Fiscal Stability Reserve with a target range of 5% to 8.3% of gross expenditures. The reserve supports tax stabilization, emergency response, and strategic opportunities. A formal policy (CFO013) governs contribution and withdrawal rules, with scheduled triennial reviews.
- **Vancouver** sets reserve levels based on multi-year financial planning and applies revenue caps (e.g. for the Empty Homes Tax) to redirect surplus into stabilization funds.
- **Ottawa** and **Toronto** use automatic year-end surplus allocation to priority reserves and embed reserve contributions into long-term financial strategies. Ottawa's approach includes a "portfolio" view of reserve balances to optimize flexibility.
- **Edmonton** employs phased multi-year replenishment strategies and includes reserve status in financial reports to Council. This transparency improves public accountability and ensures timely course corrections.

These leading practices are consistent with Government Finance Officers Association (GFOA) guidance, which recommends:

- A minimum reserve of two months of operating expenditures (approximately 16.7%).
- Risk-based reserve levels tied to revenue volatility, expenditure shocks, and funding gaps.
- Automatic replenishment mechanisms, scenario planning, and structured policy frameworks.

At present, the municipality's Risk and Options Reserves are projected to fall below 3% of the operating budget, lower than the thresholds recommended by professional standards such as those from GFOA and practiced by the municipalities listed above. Neither the Risk or Options reserves have a stable or recurring funding source; once their funding is depleted there is no plan to replenish their balance.

Strategic Initiative (SI) Reserves

The municipality maintains two Strategic Initiatives (SI) reserves: the SI Capital Reserve and the SI Operating Reserve. The SI Capital Reserve is the larger of the two, with a current balance approaching \$200 million. It serves as a primary funding source for Strategic Initiative projects, either through direct capital investment or by covering associated debt service costs (including principal and interest). These projects are typically focused on supporting growth or enhancing service levels. Upon completion, they contribute to the municipality's asset base and result in increased operating costs as they become operational.

In the 2025/26 Budget, the SI Capital Reserve is supported by \$25 million in tax-based funding, sourced from:

- \$7 million from the general tax rate
- \$18 million from the Climate Action Tax (CAT)

Eventually, the reserve is expected to receive additional revenue from the sale of land parcels associated with the Cogswell redevelopment project. The approved funding model for this project leverages the SI Capital Reserve to cover project-related debt. Proceeds from future land sales are to be deposited into the reserve as they occur, creating a self-funding cycle for the project.

This strategy offers the advantage of financing a major project without immediate tax implications. However, it also carries significant risk: if the land parcels are not sold or if the sale values fall short of projections, the reserve will face a shortfall, jeopardizing its ability to meet future debt obligations.

The demand on the SI Capital Reserve is substantial. As shown in Figure 3, the four-year Strategic Initiatives Capital Plan outlines over \$800 million in planned investments. Over the next decade, this figure grows to \$2.6 billion in projected SI project costs.

Figure 3 – 2025/26 Four-Year Strategic Initiatives Plan (In Thousands)

Asset Category	2025/26	2026/27	2027/28	2028/29	4-Yr Total
Buildings / Facilities	\$ 1,200	\$ 4,200	\$ 49,700	\$ 119,000	\$ 174,100
Roads, Active Transportation & Bridges	72,300	66,850	58,220	68,370	265,740
Vehicles, Vessels & Equipment	-	54,900	98,307	124,821	278,028
Other Assets	10,675	25,060	34,560	33,560	103,855
Total Strategic Initiatives Plan	\$ 84,175	\$ 151,010	\$ 240,787	\$ 345,751	\$ 821,723

A significant share of these investments is tied to the municipality's HalifACT climate action plan. The Climate Action Tax is currently the designated funding source of the initial phase of the plan. The original timeline for CAT was ten years, after which the tax was intended to be phased out.

Given the long-term funding pressures on the SI Capital Reserve, it is likely that the municipality will need to explore alternative tax mechanisms to replace the CAT once it expires. This will be necessary to ensure that the SI Capital Reserve remains sustainable and continues to support the growing slate of SI capital projects in the years ahead. Given the demands of the SI projects, this report is recommending that the CAT be rebranded to "Strategic Infrastructure Funding" and that the funding be continued in the budget and business planning process indefinitely.

In the 2024/25 budget, annual funding for the SI Capital Reserve was reduced from \$32 million to \$25 million. This adjustment was primarily due to a shortfall in Deed Transfer Tax (DTT) revenues, which fell below the \$71 million threshold established in the SI funding plan.

The SI funding strategy, approved during the 2022/23 budget, allocated \$32 million annually to the reserve: \$18 million from the Climate Action Tax (CAT), \$7 million from the general rate, and \$7 million tied to DTT revenues. Under this plan, any DTT revenue exceeding \$71 million would be directed to the SI Capital Reserve.

While this policy effectively channels surplus funds from a volatile revenue source into municipal savings, the \$71 million threshold may have been set too high, given current market conditions. Recent economic indicators suggest that DTT revenues are unlikely to surpass this benchmark in the near future.

Many Canadian municipalities face similar funding pressures and have implemented tailored strategies to manage their project reserves. Selected examples include:

- Toronto maintains dedicated capital reserves aligned with specific asset classes (e.g., transportation, facilities), funded through development charges, surplus allocations, and debt repayment strategies. Strategic initiatives are often supported through targeted reserve contributions approved during multi-year budgeting.
- Calgary employs a Community Investment Reserve to support growth-related infrastructure and strategic city-building projects. This reserve is managed under a policy framework that links capital funding to Council-approved priorities.
- Vancouver applies a Capital Financing Strategy where reserve contributions are embedded in capital planning cycles. Reserve uses are coordinated with debt management to maximize financial capacity.
- Edmonton links reserve contributions to life-cycle costing and capital renewal models. Strategic priorities receive conditional funding based on business cases and measurable outcomes.

The SI Operating Reserve was established alongside the SI Capital Reserve. Its purpose is to serve as a funding source for Operating Cost of Capital (OCC)—either for operating expenses that arise once Strategic Initiative projects are completed, or for costs that are ineligible for debt financing. As of the 2025/26 Budget, the reserve holds a balance of nearly \$7 million, with an annual contribution of \$1 million.

To date, the reserve has seen limited use, primarily because most SI projects remain in the construction or

development phase. In principle, this reserve provides a mechanism to ease the operating cost burden once projects become active. However, this approach is not consistently applied across all capital projects, many of which do not have a dedicated OCC funding strategy.

Moreover, some SI projects are expected to generate substantial OCC demands that could quickly exhaust the reserve. For example, the Mill Cove project is anticipated to require between \$6 – \$7 million in OCC, potentially consuming the entire balance in a single year's allocation.

Capital Fund Reserve

The Capital Fund Reserve is an obligation-based reserve established under the Halifax Charter. It supports the funding of capital infrastructure projects across the municipality by providing financial flexibility for the construction, acquisition, and major rehabilitation of municipal assets, including buildings, roads, and other long-term infrastructure.

The reserve is typically funded through budgeted transfers, offsets from debt financing, proceeds from asset sales, and interest income. However, its balance has been in gradual decline. Its primary funding source—asset sales—has yielded limited revenue in recent years, as most significant land sales are now directed to specific projects, such as the Cogswell Redevelopment. Interest income remains modest and insufficient to offset withdrawals.

The reserve is projected to hold a balance of approximately \$15 million in 2025/26, decreasing to \$12 million by 2028/29. This decline reflects the fact that withdrawals are exceeding contributions at a ratio of nearly 2:1.

When the municipality's projected capital renewal needs are considered, it becomes even clearer that greater emphasis must be placed on capital contributions. Figure 4 (below) covers roughly 75% of the municipality's assets by dollar value. In this context:

- Roads & Right-of-Way Assets include roads, curbs, sidewalks, streetlights, bridges, and paved active transportation infrastructure.
- Outdoor Recreation Assets include playgrounds, sports fields, all-weather fields, ball diamonds, and sport courts.

Smaller asset classes have been excluded from this example.

Figure 4 presents the estimated replacement costs for these assets (in current dollars), alongside the Annual Average Asset Consumption—a depreciation-based estimate of how much of an asset's value is "used up" each year. This measure serves as a proxy for how much the municipality should be reinvesting annually—either by contributing to reserves or directly funding renewal work. In early years, higher contributions to reserves are appropriate; in later years, spending would shift toward actual renewal.

Figure 4 – Capital Asset Renewal (in millions)

Asset Class	Total Replacement Cost	Annual Avg Asset Consumption	Average Annual Spend (last 3 years)	2025/26 Budget	Projected Condition Trend
Roads & Right-of-Way Assets	\$ 3,522.2	\$ 150.4	\$ 52.1	\$ 54.4	Declining
Outdoor Recreation Assets	325.5	16.5	6.2	8.2	Declining
Buildings	3,375.0	84.4	31.2	41.1	Declining
Vehicles					
Transit Vehicles	604.1	51.8	2.3	4.7	Steady
Fire Apparatus	160.8	10.7	3.7	*	Improving
Police Vehicles	3.9	1.0	1.8	4.8	Improving
Municipal Fleet	43.0	6.1	2.9	15.1	Improving
Ferries	30.5	1.0	0.6	1.6	Steady
Total	\$ 8,065.0	\$ 321.8	\$ 100.7	\$ 129.8	

Note: Fire Apparatus shows no 2025/26 budget because the equipment will not be received or invoiced until 2026/27. Budgeting aligns with the expected payment year.

Figure 4 also reveals that average capital spending over the past three years is only about one-third of the annual average asset consumption. This gap would be less concerning if the remaining two-thirds had been set aside in reserves—but that has not been the case. Current and planned contributions in the 2025/26 Capital Plan still fall short for many asset categories.

One exception is Vehicles. Following significant procurement delays during the pandemic, vehicle budgets in the 2025/26 Capital Plan begin to address that backlog.

It is neither practical nor financially feasible to eliminate the renewal shortfall all at once. Instead, the municipality will continue to refine its asset management plans, align them with the Regional Plan and Council's strategic priorities, and consider best practices from other municipalities. For example, cities such as London, Waterloo, and Nanaimo have adopted more structured reserve policies—integrating contributions into long-term financial and asset strategies. Their practices include:

- Setting clear reserve targets,
- Diversifying funding sources (e.g. operating surpluses, utility revenues),
- And aligning reserve use with actual infrastructure renewal timelines.

Business Industrial Park Expansion Reserve

The Business Industrial Park Expansion Reserve is an obligation-based reserve established to support the municipality's strategic land development initiatives. Its primary purpose is to provide the municipality with financial flexibility to purchase and upgrade infrastructure on select strategic lands, particularly within business and industrial parks. The reserve is mainly funded from land sales in the municipality's business and industrial parks. Funds from the reserve are used to acquire land for business parks and invest in infrastructure improvements necessary to make those lands market-ready.

The Business Park Reserve is expected to fall into a deficit starting in 2027/28, with the shortfall projected to grow in subsequent years. This reserve is funded exclusively through land sales within business parks, making it highly sensitive to market conditions and sales volumes.

Other Reserves

The remaining reserves maintained by the municipality is outlined in the Table 1:

Table 1 – Specific Case Reserves

Reserve Name	Description	Funding Source	Use of Funds
Parkland Development Reserve	Supports acquisition and capital improvement of parks and playgrounds.	Parkland dedication fees (cash-in-lieu), sale of surplus parkland, Council transfers, interest.	Capital improvements to parks, playgrounds, and similar public purposes.
Canada Community-Building Fund	Funds infrastructure projects that support community sustainability.	Federal transfers.	Eligible capital projects such as roads, transit, water, and wastewater systems.
Density Bonus Reserve	Collects funds from developers in exchange for bonus zoning provisions.	Density bonus contributions under land-use by-law provisions.	Affordable housing, public art, parkland improvements, and cultural or heritage assets.
Landfill Closure Cost	Ensures funds are available for future landfill closure and post-closure costs.	Budgeted contributions, interest earnings.	Closure and post-closure monitoring and environmental protection of landfill sites.
Municipal Election Reserve	Stabilizes election-related costs over the election cycle.	Annual operating transfers.	Costs associated with municipal elections (staffing, materials, logistics).
Convention Centre Reserve	Covers the municipality's share of capital and operating costs for the Halifax Convention Centre.	Property taxes from the site (excluding BIDC rate), Council transfers, interest.	Annual rent payments and share of operating costs for the convention centre.
Library Recapitalization Reserve	Provides funding for major repairs and renewal of library infrastructure.	Council-approved transfers, interest earnings.	Library capital repairs, renovations, and upgrades.
Multi-District Facilities Reserve	Supports recapitalization of large community and event facilities.	Operating surpluses, naming rights, Council transfers, interest.	Renovation, replacement, or upgrade of multi-district recreation facilities.
Solid Waste Facilities Reserve	Provides funds for upgrading and replacing solid waste infrastructure.	Capital cost charges, Council transfers, interest.	Design and construction of solid waste facilities; debt servicing.
Master Plan Reserve	Collects development charges for infrastructure in master plan areas.	Master plan area levies, Council transfers, interest.	Growth-related infrastructure projects, land purchases, and related studies.
Community and Events Reserve	Supports cultural, sports, and community events and related grants.	Council-approved transfers, sponsorships, interest.	Event support, community grants, and cultural initiatives.

For the most part, the funding sources and uses of these reserves do not raise any concerns from staff. However, several items are worth noting:

- As the municipal landfill infrastructure continues to age, the 2025/26 Budget includes a commitment of \$1 million in annual funding to the Landfill Closure Cost Reserve. This reflects a prudent step toward long-term environmental and financial liability management.

- The Master Plan Reserve currently lacks a recurring funding source and has remained unused since its inception. Staff may wish to revisit its role and consider whether changes to its structure or scope are necessary.
- The Convention Centre Reserve remains in a healthy financial position, as operating deficits have begun to stabilize. However, there have been early indications of upcoming significant maintenance and repair costs for which the municipality may be partially responsible. It would be prudent not to reduce contributions to this reserve too quickly, to preserve capacity for future obligations.

Although listed in Table 1, the Central Library reserve will be officially closed for the 2025/26 Fiscal Year. The funds from the reserve were used to mitigate the tax increase in 2025/26. The remaining balance in the reserve will be transferred to the Options reserve.

Police Extraordinary Investigation Reserve

The Police Extraordinary Investigation Reserve is essential to ensure Halifax Regional Police (HRP) can effectively respond to high-risk, unpredictable events that fall outside normal budgeting. Extraordinary investigations—such as those involving organized crime, cybercrime, or transnational threats—often require complex, long-term operations with unpredictable and substantial costs. These include undercover assignments, digital forensics, surveillance technologies, overtime, and external expertise. Such expenditures can arise suddenly and cannot always be planned for within the standard operating budget.

This reserve provides HRP with immediate, confidential access to critical funds during intricate investigations, enabling timely action without service disruption. It strengthens HRP's ability to protect public safety, collaborate across jurisdictions, support victims and witnesses, and adapt quickly to evolving criminal methods and technologies.

Based on past investigations this reserve should be set at \$2 million, which should be sufficient to cover off several investigations. Additionally, should the reserve be used it would require a top up in the following year.

Due to the confidential nature of ongoing extraordinary criminal investigations, fund disbursements may be approved by the Chief of Police. Audit and Finance Standing Committee may receive reporting following the investigation, if the reporting will not jeopardize operational security or technique.

Conclusions & Key Actions

Conclusion 1 - Reserve Minimum Policy & Target Reserve Balances

Since the approval of the 2025/26 Budget, there have been funding requests identified that are nearing \$1.5 billion in additional capital funds. These requests, combined with the analysis in this report, lead to a clear conclusion: the municipality's reserves are under considerable pressure, significantly underfunded, and require immediate attention.

To begin addressing this gap, attention should be directed to the following key reserves:

- Risk Reserve
- Options Reserve
- Capital Reserve
- Police Extraordinary Investigation Reserve

Risk and Options Reserves

GFOA recommends that general-purpose governments maintain reserves equivalent to two months of operating expenditures. For HRM's 2025/26 Budget was \$768 million in municipal operating expenditures (which excludes mandatory taxes/expenses), this equates to a recommended Risk Reserve balance of

\$128 million—an increase of \$112 million over the current balance.

However, not all expenditures are essential during emergencies. Adjusting for items such as discretionary travel and training, reserve contributions, and capital renewal reduces the adjusted operating expenditure base. Based on this refinement, a more appropriate target for the Risk & Options Reserves is \$108 million.

The existing Reserve Administrative Order (AO) allows the Chief Financial Officer to use funds from other reserves to address immediate needs during a declared emergency. As such, it is both logical and efficient to set a combined target for the Risk and Options Reserves.

The following policy targets are recommended to be implemented:

- Minimum Balance: 5% of adjusted operating expenditures (~\$32 million)
- Target Balance: 2 months of adjusted operating expenditures (~\$108 million)

This dual-level target provides a foundation for financial resilience while recognizing the time and resources required to achieve full funding.

To move toward these targets:

- Starting in 2026/27, allocate \$3 million annually to the Risk Reserve.
- Apply any annual operating surpluses directly to the Options Reserve.

This strategy would allow the municipality to reach the minimum balance threshold in under three years, with steady progress toward the longer-term target.

Capital Reserve

Current investment in capital assets is not keeping pace with their rate of consumption, which risks leaving the municipality with an increasingly degraded and unreliable asset base. The status of the Capital Fund Reserve reflects this concern—its balance is declining and currently insufficient to meaningfully support the municipality's capital funding requirements. Without renewed contributions, the reserve is at risk of being fully depleted in the near future.

While the capital plan draws on multiple funding sources, a prudent approach is to use a portion of annual asset consumption as a proxy for reserve health. A reasonable and achievable benchmark would be to set the reserve target at one-half of the municipality's annual capital asset consumption, aligning with the practice of gradual, sustainable reinvestment. Therefore, the following is recommended for the Capital Fund Reserve:

- Minimum Balance: 10% of the average annual asset consumption (approximately \$32 million)
- Target Balance: 50% of average annual asset consumption (approximately \$161 million)

To begin progress toward these targets, it is recommended that HRM:

- Transfer funds from underutilized reserves, as outlined in Conclusion 2, to immediately top-up the reserve.
- Implement an annual contribution strategy starting with \$5 million in 2026/27, increasing incrementally to \$10 million annually by 2027/28.

This phased funding approach reflects the municipality's commitment to financial sustainability while respecting the broader need to manage tax increases responsibly.

Police Extraordinary Investigation Reserve

As outlined in the Police Extraordinary Investigation Reserve business plan, the minimum should be set at

\$2 million.

Conclusion 2 – Prioritization of Existing Reserves

As outlined in this report, two of the municipality's reserves are currently underfunded, while two others are recommended to be considered for elimination in the next budget. Reallocating resources from less critical reserves will allow the municipality to better respond to more immediate and impactful funding demands.

The following reserves are proposed for elimination:

- SI Operating Reserve
- Master Plan Reserve

Funds from the SI Operating Reserve should be reallocated as follows:

- \$4.8 million to the Capital Fund Reserve
- \$2 million to the Police Extraordinary Investigation Reserve

Additionally, funds in the Master Plan Reserve should be transferred entirely to the Options Reserve, where they can more effectively support emergent funding needs.

These transfers of balances will allow the municipality to address concerns with several reserves and will aid in moving several reserves toward their minimum and target balances.

Conclusion 3 – Increase Funding to SI Capital Reserve

Given the rising demand for Strategic Initiatives (SI) projects, it is imperative that funding to the SI Capital Reserve be increased. As a foundational measure, with the planned consolidation of the SI Operating Reserve, its current annual funding should be redirected to the SI Capital Reserve. This reallocation would raise the general tax rate contribution from \$7 million to \$8 million annually.

Furthermore, funding from DTT revenues should be reinstated to support the reserve. Starting with the 2026/27 Budget, it is recommended that a maximum cap be introduced on the amount of DTT funding used to support the operating budget. Specifically, beginning in the upcoming fiscal year, DTT funding to the operating budget should be limited to \$60 million.

The full impact of this policy change will depend on the DTT revenue forecast. However, based on historical data, it is estimated that this measure could free up between \$3 million and \$7 million in additional funding for reserves in 2026/27.

Increasing the SI Capital Reserve in this manner will help ensure the municipality can respond effectively to strategic priorities and emerging opportunities without compromising long-term financial sustainability.

Moreover, proactively funding the SI Capital Reserve will help mitigate the need for future tax increases by reducing the reliance on in-year tax-supported funding for strategic capital initiatives. Building this financial buffer now will enable more predictable and stable tax planning over the long term.

Conclusion 4 – Update the Reserve Administrative Order to Safeguard Reserves

Amendments to **Administrative Order 2014-015-ADM** are outlined in Attachment 1. The updated Administrative Order (AO) introduces several important enhancements. These aim to improve the flexibility, responsiveness, and accountability of the Municipality's reserve fund management. These changes include expedited approval authority for urgent matters, expanded flexibility for inter-reserve transfers, streamlined access to emergency funding, automatic replenishment of critical reserve balances, and time limits on financial commitments. Collectively, these provisions strengthen the Municipality's ability to respond swiftly to emerging needs while maintaining prudent oversight, ensuring reserves continue to support HRM's long-term financial stability and strategic objectives.

12B – Expedited Council Approval by CAO

The Chief Administrative Officer (CAO) is authorized to bypass the Audit and Finance Standing Committee for urgent reserve-related matters, allowing direct presentation to Regional Council. This is permitted only when timing constraints necessitate faster decision-making.

12C – CFO Authority to Transfer Reserve Funds

The Chief Financial Officer (CFO), with CAO concurrence, may transfer uncommitted funds between reserves, excluding certain protected reserves (e.g., Risk Reserve, Capital Fund Reserve, Landfill Reserve, and others with specific Council-defined purposes). Transfers must support HRM's strategic goals and be reported to Council with full justification, ensuring transparency and alignment with financial policy.

12D – Emergency Use of Risk Reserve

The CFO, with CAO concurrence, can use the Risk Reserve to cover emergency weather-related repairs and cleanup without prior committee approval. This measure ensures immediate response capability while requiring a follow-up report to Council detailing the expenditures and rationale.

12E – Automatic Funding to Restore Minimum Balances

If any reserve falls below its prescribed minimum balance (as defined in its business case), it must be automatically replenished in the next municipal budget. The CFO is responsible for identifying such cases annually and ensuring Council is notified during budget deliberations.

12F – Expiry on Reserve Commitments

All financial commitments from reserve funds shall include a defined time limit, with unused funds released if not used within that timeframe—typically two years unless otherwise specified. This rule promotes efficient use of funds and prevents indefinite encumbrances, with monitoring duties assigned to the CFO.

12H – Police Extraordinary Investigation Reserve

Reserve withdrawals from the Police Extraordinary Investigation Reserve may be approved by the Chief of Police, due to the confidential nature of ongoing criminal investigations. Summary reporting may occur post-investigation when disclosure will not jeopardize operational security or technique.

Conclusion 5 – Business Park Reserve

As noted earlier, there are some concerns around the Business Park reserve. To address these concerns, the following actions are recommended:

- Amend the Reserve Administrative Order to prohibit reserves from operating in a deficit position. Any projects reliant on funding from a reserve that enters a deficit should be automatically placed on hold until the reserve balance is restored to a positive level.
- Engage a third-party consultant to develop a comprehensive forecast of land sales in business parks, including estimates of future sales volumes and market pricing. This analysis would improve financial planning and support more accurate reserve management.

In Attachment 1, Administrative Order 2014-015-ADM, the section 12G has been proposed as an amendment to the AO:

12G. No reserve shall be projected to enter a negative balance. If a reserve is at risk of projecting to enter into a deficit all expenditures from that reserve shall be removed until the deficit balance is resolved.

FINANCIAL IMPLICATIONS

If the recommendations in this report are approved, there will be a phased increase in reserve contributions beginning in the 2026/27 fiscal year. Reserve funding is projected to increase from \$12 million in 2026/27,

to \$14.5 million in 2027/28, and to \$17 million in 2028/29.

The estimated impact on the average residential tax bill is anticipated to range between 1.5% and just over 2%, depending on final budget allocations and assessment growth.

RISK CONSIDERATION

No risk considerations were identified.

COMMUNITY ENGAGEMENT

No community engagement was required.

ENVIRONMENTAL IMPLICATIONS

No environmental implications were identified.

ALTERNATIVES

That Halifax Regional Council:

1. Refuse to adopt the amendments to Administrative Order 2014-015-ADM, that result of which would be to maintain status quo;
2. Adopt the amendments to Administrative Order 2014-015-ADM subject to modifications. This may require a supplementary staff report;
3. Direct the CAO to consider in the 2026/2027 budget and business process establishing a dedicated revenue stream for reserves, like planning a separate tax levy or specific revenue sources, similar to the Climate Action Tax, to provide stable and predictable funding for reserves.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter, 2008 SNS c 39:

120 (1) The Municipality shall maintain a capital reserve fund.

(6) The Municipality may maintain other reserve funds for such purposes as the Council may determine.

Administrative Order 2014-015-ADM, Respecting Reserve Funding Strategies:

ATTACHMENTS

Attachment 1 – Showing Proposed Changes to Administrative Order 2014-015-ADM

Attachment 2 – Amendments to Administrative Order 2014-005-ADM

Attachment 3 – Revised Reserve Business Cases

Attachment 4 – Special Investigation Reserve Business Case

Report Prepared by: Tyler Higgins, Manager, Budget and Reserves, 902.220.9426
Dave Harley, Director Financial Management and Operations, 902.497.4260

**ADMINISTRATIVE ORDER NUMBER 2014-015-ADM
RESPECTING RESERVE FUNDING STRATEGIES**

BE IT RESOLVED AS AN ADMINISTRATIVE ORDER of the Council of the Halifax Regional Municipality under the authority of the *Halifax Regional Municipality Charter*, as follows:

Short Title

1. This Administrative Order may be known as the “*Financial Reserves Administrative Order*”.

Purposes

2. The purposes of this *Administrative Order* are to:

- (a) assist in planning for the long-term financial health and stability of the Municipality;
- (b) assist in removing unstable and unpredictable tax rates;
- (c) integrate the Reserve Business Cases into the Business Planning and Long-term Operating and Capital Budgets;
- (d) ensure the Municipality has the ability to fund projects and events:
 - (i) that produce long-term efficiency gains,
 - (ii) that are strategic or require significant cost sharing between the Municipality and another person or level of government,
 - (iii) between budget approvals where there is sudden or unexpected business opportunity,
 - (iv) where future obligations can be reasonably foreseen, and
 - (v) where substantial risk to the Municipality may occur; and
- (e) reduce the current and future financial impacts to the taxpayer by minimizing significant budget fluctuations and reliance on debt financing by balancing the need for sufficient funds for unforeseen opportunities or obligations with the inefficient use of resources that could otherwise be used for current financial obligations or needs.

Interpretation

3. In this Administrative Order,

- (a) “Council” means the Council of the Municipality;
- (b) “Municipality” means the Halifax Regional Municipality; and

(c) “Reserve” means accounts on the municipal balance sheet in which funds are held for a future use that is permitted under the *Halifax Regional Municipality Charter*.

Roles and Responsibilities

4. Council shall consider,
 - (a) in respect of the annual Reserve Budget, whether to
 - (i) approve the Reserve Budget;
 - (ii) refuse to approve the Reserve Budget; or
 - (iii) approve the Reserve Budget, with any changes Council considers appropriate; and
 - (b) with respect to the Reserve Business Case, whether to .
 - (i) approve the Reserve Business Case;
 - (ii) refuse to approve the Reserve Business Cases; or
 - (iii) approve the Reserve Business Case, with any changes Council considers appropriate.
5. The Audit and Finance Standing Committee shall review and recommend to the Council for its consideration all impacts to the Reserves.
6. The Chief Administrative Officer may recommend to the Council that Reserve funds be expended.
7. The ~~Executive Director of Finance~~ Chief Financial Officer shall:
 - (a) review the active Reserves annually to ensure that funds are contributed and withdrawn according to the approved Reserve Business Case, relevant policies of the Municipality, and accounting policies;
 - (b) review each Reserve at set intervals to ensure continuing relevance and adequacy with the strategic direction of the Municipality;
 - (c) provide to the Council ~~an annual~~ a quarterly report on Reserve activity and balances;
 - (ca) ~~provide to the Council as part of the annual Budget, a Reserve Budget and Plan for the proceeding four years; and Repeal;~~
 - (d) recommend to the Council the closure of any Reserves whose purpose is outdated or to combine any Reserves with similar purposes; and

(e) provide to the Council as part of the annual Budget, a Reserve Budget and Plan for the proceeding four years.

Establishing a Reserve

8. (1) The establishment of a Reserve shall require:

(a) a clear and specific purpose which captures the strategic goal and related success factors, and such purpose shall be set out in the Reserve Business Case;

(b) identifying the source of the funding for the Reserve and its relation to its stated purpose;

(c) identifying the risks and consequences of not establishing the Reserve;

(d) ~~identifying, as appropriate, a maximum balance which should be set to meet the purpose of the Reserve, and identified in the Reserve Business Case~~ **Repeal**; and

(e) setting a start and end date for the Reserve based on its purpose, including any required conditions for renewal.

(2) The establishment of a Reserve may identify, as appropriate, a maximum or a minimum balance, or both, which should be set to meet the purpose of the Reserve and identified in the Reserve Business Case.

Types of Reserves

9. (1) Council may only create Reserves for the following purposes:

(a) a contingency fund for opportunities;

(b) a contingency fund for risk; and

(c) a saving funds for future obligations.

(2) A contingency fund for opportunities recognizes that:

(a) not all expenditures are planned or anticipated; and

(b) an opportunity may arise to develop services or achieve efficiencies and that the Municipality must react rapidly or lose that opportunity, such as a sudden change in the economy or the introduction of cost shared programs from other levels of government or the private sector.

(3) A contingency fund for risk recognizes that:

(a) the financial risk of unforeseen events involving substantial costs, such as emergencies or economic events, and that a Reserve can mitigate this risk by providing funding for sufficient public safety or preventing service interruptions.

(b) a withdrawal from a contingency fund for risk must be quantifiable or subject to estimate based on assumptions.

(4) A saving fund for future obligation recognizes that:

(a) an obligation may be associated with recapitalization of a specific asset where the estimated lifecycle cost of an asset can be reasonably estimated;

(b) an obligation may be associated with a strategic plan where the asset or project may not yet be specified, such as the purchase of land; and

(c) that a future expenditure may be managed through the long-term operating or capital budget, depending on the magnitude or situation of the obligation.

Administration of Reserves

10. No Reserve shall have a negative balance.

11. Repealed.

11A. Unless a funding emergency has been declared under section 13A, Reserve funds may only be borrowed from Q526, the Capital Fund Reserve.

11B. (1) Nothing in this Administrative Order shall prevent Council from withdrawing or contributing to a Reserve.

(2) Withdrawals and contributions to Reserves are further regulated under the *Halifax Regional Municipality Charter*.

12. A Reserve may be funded by internal or external sources, providing that the source of the funds does not impose restrictions on the use of such funds that are contrary to the purpose of the Reserve.

12A. Sections 12B, 12C, 12D, 12F and 12H apply notwithstanding:

(a) Schedule 2 of Administrative Order Number One, the *Procedures of the Council Administrative Order*;

(b) any Reserve Business Case approved by Council under this Administrative Order; and

(c) any other section of this Administrative Order except section 10.

12B. (1) The Chief Administrative Officer may submit a report directly to Council

without a recommendation from Audit and Finance Standing Committee where:

(a) the Chief Administrative Officer is satisfied that there is a matter that cannot be delayed for the next regularly scheduled meeting of the Audit and Finance Standing Committee; and

(b) the matter will have an impact on a reserve or would require a withdrawal from a reserve not previously approved in the budget.

(2) Nothing in this section prevents Council from referring any matter in subsection (1) to the Audit and Finance Standing Committee.

12C. (1) Subject to subsection (2) of this section, Council delegates to the Chief Financial Officer the authority to reallocate funds between reserves.

(2) The Chief Financial Officer, may only reallocate funds between reserves if the Chief Financial Officer, with the concurrence of the Chief Administrative Officer, is satisfied all of the following requirements are met:

(a) the funds to be reallocated are surplus to those funds allocated by Council in the approved budgets;

(b) the funds to be reallocated are not committed funds under section 12E;

(c) the reallocation is consistent with the purposes of both the transferring and the receiving reserves as set out in their approved Reserve Business Cases;

(d) the reallocation is consistent with the strategic goals and financial policies of the Municipality;

(e) the reallocated funds are for expenditures already approved in the budget or otherwise approved by Council; and

(f) the funds shall not be reallocated from any of the following reserve:

(i) the Risk Reserve (Q416),

(ii) the Capital Fund Reserve (Q526);

(iii) the Landfill Closure and Post Closure Costs Reserve (Q506),

(iv) the Parkland Development Reserve (Q611),

(v) the Density Bonus Reserve (Q640),

(vi) the Police Extraordinary Investigations Reserve, and

(vii) any other reserve identified by Council;

(3) The Chief Financial Officer shall, in the quarterly report to Council, detail the amounts reallocated under this section, the reserves involved, and the rationale for the reallocation.

(4) For greater certainty, nothing in this section authorizes the Chief Financial Officer to borrow from a Capital Fund Reserve Fund.

12D. (1) The Chief Financial Officer, with the concurrence of the Chief Administrative Officer, is authorized to withdraw funds from the Risk Reserve (Q416) for emergency repairs and cleanup resulting from weather events.

(2) Funds withdrawn under this section may only be expended if the Chief Financial Officer and the Chief Administrative Officer both agree that the emergency repairs and cleanup are necessary to protect the property or the health, safety, or welfare of the Municipality or its residents.

(3) The Chief Financial Officer shall, at the earliest opportunity, provide a report to Council detailing the use of the Risk Reserve for such purposes, including the amount expended and the nature of the repairs and cleanup.

12E. (1) In preparing the budgets for Council's consideration, the Chief Administrative Officer shall include funding to increase each reserve to the minimum balance set out in its Reserve Business Case.

(2) Prior to preparing the budgets, the Chief Financial Officer shall review reserve balances annually to identify any reserves that have fallen below their prescribed minimum balance.

12F. (1) This section applies to reserve funds other than those identified in clause 12C(2)(f).

(2) Commencing in fiscal year 2026-2027, Council may set a time period for the commitment of funding from a reserve.

(3) Unless otherwise specified by Council, reserve funds allocated shall be committed for a period of two fiscal years.

(4) At the end of the two fiscal years or on the date specified by Council, committed funds may be reallocated in the next fiscal year.

(5) The Chief Financial Officer shall monitor the status of commitments and identify to Council any uncommitted funds when preparing the budgets.

12G. No reserve shall be projected to enter a negative balance. If a reserve is at risk of projecting to enter into a deficit, all expenditures from that reserve shall be removed until the deficit balance is resolved.

12H. The Chief of Police is authorized to withdraw funds from the Police Extraordinary Investigations Reserve providing that the Chief Financial Officer confirms there is adequate uncommitted funding in the reserve to meet the expenditure.

Amendments to Reserves

13. (1) Amendments to an existing Reserve may result from a change in the strategic direction of the Municipality, or the relevance of the Reserve's defined purpose.

(2) Upon review by staff of the change in strategic direction or the change in defined purpose, staff may recommend to the Council that the Reserve be revised or closed and Council may consider such a recommendation.

Funding Emergencies

13A. (1) Council may, by resolution, declare a funding emergency exists.

(2) When considering if a funding emergency exists, Council may consider any matter Council considers appropriate, including:

(a) whether a state of emergency or a state of local emergency has been declared under the *Emergency Management Act*; or

(b) whether there is a present or imminent event that may require funds in addition to the funds in the current operating or capital budget to protect the property or the health, safety, or welfare of

- (i) the Municipality, or
- (ii) the residents of the Municipality.

(3) The Mayor may declare that a funding emergency exists if the Mayor:

(a) has already declared a state of local emergency under subsection 12 (4) of the *Emergency Management Act*; and

(b) is of the opinion that funds in addition to the funds in the current operating or capital budget may be required to protect the property or the health, safety, or welfare of

- (i) the Municipality, or
- (ii) the residents of the Municipality.

(5) The declaration of a funding emergency authorizes the borrowing from the Reserves notwithstanding:

(a) Schedule 2 of Administrative Order One, the *Procedures of the Council Administrative Order*;

(b) any Reserve Business Case approved by Council under this Administrative Order; or

- (c) any other section of this Administrative Order except section 10;
- (6) The borrowing from a Reserve is subject to the following conditions:
- (a) any funds borrowed from Q611, the Parkland Reserve, must be expended in accordance with section 283 of the *Halifax Regional Municipality Charter*,
- (b) no funds may be borrowed from Q506, Landfill Closure and Post Closure Costs Reserve; and
- (c) only Council may authorize borrowing from Q526, the Capital Fund Reserve, and such authorization must specify the terms of repayment and interest rate for any funds borrowed.
- (7) Subject to subsection 5, where a funding emergency has been declared, the Chief Financial Officer, with the concurrence of the Chief Administrative Officer, may borrow Reserve funds for any purpose that has been budgeted for or otherwise approved by Council, including any operating or capital expense, the replacement of any approved revenues or funding, or to generally account for the operations of the Municipality.
- (8) If any Reserve funds borrowed under subsection (6) of this section were previously approved for use by Council, the Chief Financial Officer is authorized to seek an alternative source of funds to replace those amounts previously approved by Council, including identifying to Council options for debt funding or cost sharing.
- (9) Any borrowing under subsection (6) of this section, must be promptly reported to Council as a part of the public record, and must include any amounts borrowed, any alternative funding sought, and any operations or projects delayed.

Corrections to Reserves

14. Management of Reserve balances and correction of errors may be approved by the ~~Executive Director of Finance~~ Chief Financial Officer, within the parameters of Council's direction as set out in the approved Reserve Business Case.

Repeal

15. The Reserves Policy adopted by the Council on December 1, 1998 is repealed.

Done and passed this 28th day of October, 2014.

Mayor

Municipal Clerk

I, Cathy Mellett, Municipal Clerk of the Halifax Regional Municipality, hereby certify that the above noted Administrative Order was passed at a meeting of Halifax Regional Council held on October 28, 2014.

Cathy Mellett, Municipal Clerk

Notice of Motion:	October 21, 2014
Approval:	October 28, 2014

Amendment #1

Amended sections 7 and 14, and clause 8(d)
Added clause 7 (ca), and sections 11A, 11B, and 13A
Repealed section 11

Notice of Motion:	May 3, 2022
Approval:	May 17, 2022

Amendment #2

Notice of Motion:	XX X, 2024
Approval:	

**Attachment 2
(Amendments to Administrative Order)**

**ADMINISTRATIVE ORDER NUMBER 2014-015-ADM
RESPECTING RESERVE FUNDING STRATEGIES**

BE IT RESOLVED by the Council of the Halifax Regional Municipality that Administrative Order Number 2014-015-ADM, the *Financial Reserves Administrative Order*, is amended as follows:

1. Section 7 is amended by:

(a) striking out the words "Executive Director of Finance" after the word "The" and before the word "shall" and replacing them with the words "Chief Financial Officer";

(b) striking out the words "an annual" after the word "Council" and before the word "report" and replacing them with the words "a quarterly" in clause (c); and

(c) Repealing clause 7(ca).

2. Section 8 is amended by:

(a) numbering the beginning of the section as subsection (1);

(b) Repealing clause 8(d); and

(c) adding the following subsection immediately after clause 8(e):

(2) The establishment of a Reserve may identify, as appropriate, a maximum or a minimum balance, or both, which should be set to meet the purpose of the Reserve and identified in the Reserve Business Case.

3. Adding the following sections immediately after section 12:

12A. Sections 12B, 12C, 12D, 12F and 12H apply notwithstanding:

(a) Schedule 2 of Administrative Order Number One, the Procedures of the Council Administrative Order;

(b) any Reserve Business Case approved by Council under this Administrative Order; and

(c) any other section of this Administrative Order except section 10.

12B. (1) The Chief Administrative Officer may submit a report directly to Council without a recommendation from Audit and Finance Standing Committee where:

(a) the Chief Administrative Officer is satisfied that there is a matter that cannot be delayed for the next regularly scheduled meeting of the Audit and Finance Standing Committee; and

(b) the matter will have an impact on a reserve or would require a withdrawal from a reserve not previously approved in the budget.

(2) Nothing in this section prevents Council from referring any matter in subsection (1) to the Audit and Finance Standing Committee.

12C. (1) Subject to subsection (2) of this section, Council delegates to the Chief Financial Officer the authority to reallocate funds between reserves.

(2) The Chief Financial Officer, may only reallocate funds between reserves if the Chief Financial Officer, with the concurrence of the Chief Administrative Officer, is satisfied all of the following requirements are met:

(a) the funds to be reallocated are surplus to those funds allocated by Council in the approved budgets;

(b) the funds to be reallocated are not committed funds under section 12E;

(c) the reallocation is consistent with the purposes of both the transferring and the receiving reserves as set out in their approved Reserve Business Cases;

(d) the reallocation is consistent with the strategic goals and financial policies of the Municipality;

(e) the reallocated funds are for expenditures already approved in the budget or otherwise approved by Council; and

(f) the funds shall not be reallocated from any of the following reserve:

(i) the Risk Reserve (Q416),

(ii) the Capital Fund Reserve (Q526);

(iii) the Landfill Closure and Post Closure Costs Reserve (Q506),

(iv) the Parkland Development Reserve (Q611),

(v) the Density Bonus Reserve (Q640),

(vi) the Police Extraordinary Investigations Reserve, and

(vii) any other reserve identified by Council;

(3) The Chief Financial Officer shall, in the quarterly report to Council, detail the amounts reallocated under this section, the reserves involved, and the rationale for the reallocation.

(4) For greater certainty, nothing in this section authorizes the Chief Financial Officer to borrow from a Capital Fund Reserve Fund.

12D. (1) The Chief Financial Officer, with the concurrence of the Chief Administrative Officer, is authorized to withdraw funds from the Risk Reserve (Q416) for emergency repairs and cleanup resulting from weather events.

(2) Funds withdrawn under this section may only be expended if the Chief Financial Officer and the Chief Administrative Officer both agree that the emergency repairs and cleanup are necessary to protect the property or the health, safety, or welfare of the Municipality or its residents.

(3) The Chief Financial Officer shall, at the earliest opportunity, provide a report to Council detailing the use of the Risk Reserve for such purposes, including the amount expended and the nature of the repairs and cleanup.

12E. (1) In preparing the budgets for Council's consideration, the Chief Administrative Officer shall include funding to increase each reserve to the minimum balance set out in its Reserve Business Case.

(2) Prior to preparing the budgets, the Chief Financial Officer shall review reserve balances annually to identify any reserves that have fallen below their prescribed minimum balance.

12F. (1) This section applies to reserve funds other than those identified in clause 12C(2)(f).

(2) Commencing in fiscal year 2026-2027, Council may set a time period for the commitment of funding from a reserve.

(3) Unless otherwise specified by Council, reserve funds allocated shall be committed for a period of two fiscal years.

(4) At the end of the two fiscal years or on the date specified by Council, committed funds may be reallocated in the next fiscal year.

(5) The Chief Financial Officer shall monitor the status of commitments and identify to Council any uncommitted funds when preparing the budgets.

12G. No reserve shall be projected to enter a negative balance. If a reserve is at risk of projecting to enter into a deficit all expenditures from that reserve shall be removed until the deficit balance is resolved.

12H. The Chief of Police is authorized to withdraw funds from the Police Extraordinary Investigations Reserve providing that the Chief Financial Officer confirms there is adequate uncommitted funding in the reserve to meet the expenditure.

4. Section 14 is amended by striking out the words "Executive Director of Finance" after the word "the" and before the comma and word ", within" and replacing them with the words "Chief Financial Officer".

Done and passed this _____ day of _____, 2025.

Mayor

Municipal Clerk

Risk and Resiliency Reserve, Q406

Reserve Business Case

Type of Reserve

Risk.

Purpose

The intent of the Risk and Resiliency Reserve is to accumulate funds to deal with the risk of unforeseen events involving substantial costs, so that HRM can mitigate, adapt and recover from such an event. Risk events covered include economic, financial, environmental, service related, health and safety, and legal and compliance risks.

Source of Funds

Funding arises from:

- a) amounts transferred to the fund as approved by Regional Council; and,
- b) accumulated interest.

Conditions of Funding

Funds are allocated for:

- a) funding of claims and settlements as appropriate,
- b) covering the costs of risk events over and above any amounts budgeted,
- c) the payment of principle, as it relates to a risk event,
- d) the payment of interest, as it relates to a risk event, if the underlying funds are not raised by the sale of assets, and,
- e) other operating and capital costs as related to a risk event, as appropriate.

Anticipated Balances

The reserve, combined with the Options reserve, will have a minimum balance of 5% of adjusted operating expenditures and a target balance of 2 months of adjusted operating expenditures.

Review and Timeline

Reserve is to be ongoing. The Chief Financial Officer shall

- a) review the reserve annually to ensure that funds are contributed and withdrawn according to the approved Reserve Business Case;
- b) provide Regional Council an annual report on Reserve activity and balances;
- c) review and report on targeted contributions and balances annually and recommend adjustments as appropriate; and,
- d) review this Reserve every four years to ensure relevance and adequacy with the strategic direction of the Municipality.

Approval Process

As outlined in the Administrative Order 2014-015, withdrawals from the reserve will be approved by Regional Council, either through the annual budget process or by motion of Regional Council subsequent to the approved budget. Finance and Asset Management is responsible for ensuring availability of funds and appropriateness of withdrawals in accordance with the Reserve Business Case prior to recommendations to Audit & Finance Standing Committee and Regional Council.

Original Council Approval Date	September 20, 2016
Effective Date of Last Revision	July 8, 2025
Business Unit Director Contact	The Chief Financial Officer

Options Reserve, Q421

Reserve Business Case

Type of Reserve: Opportunity.

Purpose

To provide resources for changes or additions to services or for grants to outside agencies.

Source of Funds

Funding arises from:

- a) amounts transferred to the fund as approved by Regional Council,
- b) any municipal surplus, other than any amount otherwise designated by Regional Council for a different reserve; and,
- c) accumulated interest.

Conditions of Funding

Funds are allocated for:

- a) operating costs, including grants;
- b) capital projects;

Anticipated Balances

The reserve, combined with the Options reserve, will have a minimum balance of 5% of adjusted operating expenditures and a target balance of 2 months of adjusted operating expenditures.

Review and Timeline

Reserve is to be ongoing. The Chief Financial Officer shall

- c) review the reserve annually to ensure that funds are contributed and withdrawn according to the approved Reserve Business Case;
- d) provide Regional Council an annual report on Reserve activity and balances;
- e) review and report on targeted contributions and balances annually and recommend adjustments as appropriate; and,

- f) review this Reserve every four years to ensure relevance and adequacy with the strategic direction of the Municipality.

Approval Process

As outlined in the Administrative Order 2014-015, withdrawals from the reserve will be approved by Regional Council, either through the annual budget process or by motion of Regional Council subsequent to the approved budget. Finance and Asset Management is responsible for ensuring availability of funds and appropriateness of withdrawals in accordance with the Reserve Business Case prior to recommendations to Audit & Finance Standing Committee and Regional Council.

Original Council Approval Date	September 20, 2016
Effective Date of Last Revision	July 8, 2025
Business Unit Director Contact	Chief Financial Officer

Landfill Closure and Post Closure Costs Reserve, Q506

Reserve Business Case

Type of Reserve: Obligation.

Purpose

To provide funding for the closure and post closure of landfills, as required by the Public Sector Accounting Board (PSAB). Currently, three landfill sites exist: Sackville, Otter Lake and Mengoni. Specific closure and post closure activities including environmental monitoring programs may be outlined in regulatory approvals for each site (issued by NS Environment).

Source of Funds

Funding arises from:

- a) transfers from the Solid Waste Resources operating budget.
- b) amounts transferred to the fund as approved by Council; and,
- c) interest accumulated in accordance with the Corporate Guidelines respecting Reserves.

Conditions of Funding

Funds are allocated for costs related to closure and post-closure care and include, but are not limited to:

- a) purchase of equipment and site assets.
- b) development, construction, and removal of infrastructure.
- c) maintenance and upgrades for all site assets.
- d) landfill cover (capping)
- e) environmental monitoring; and,
- f) leachate and gas management.

Anticipated Balances

A maximum balance has not been set for this reserve.

Review and Timeline

Reserve is to be ongoing. The Chief Financial Officer shall

- a) review the reserve annually to ensure that funds are contributed and withdrawn according to the approved Reserve Business Case;
- b) provide Regional Council an annual report on Reserve activity and balances;

- c) review and report on targeted contributions and balances annually and recommend adjustments as appropriate; and,
- d) review this Reserve every four years to ensure relevance and adequacy with the strategic direction of the Municipality.

Approval Process

As outlined in the Administrative Order 2014-015, withdrawals from the reserve will be approved by Regional Council, either through the annual budget process or by motion of Regional Council subsequent to the approved budget. Finance and Asset Management is responsible for ensuring availability of funds and appropriateness of withdrawals in accordance with the Reserve Business Case prior to recommendations to Audit & Finance Standing Committee and Regional Council.

Original Council Approval Date	September 20, 2016
Effective Date of Last Revision	July 8, 2025
Business Unit Director Contact	Executive Director, Public Works Chief Financial Officer

Municipal Election Reserve, Q511

Reserve Business Case

Type of Reserve

Obligation.

Purpose

To provide funding to conduct regular and special Municipal elections.

Source of Funds

Funding arises from:

- a) an annual allocation of 25% of the estimated cost of the next municipal election and any anticipated by-elections;
- b) an annual allocation for the estimated costs of the District Boundary Review;
- c) any plebiscite or any other election for which HRM has responsibility;
- d) amounts transferred to the fund as approved by Council; and,
- e) accumulated interest.

Condition of Funds

Funds are allocated for:

- a) conducting special and regular municipal elections pursuant to legislation;
- b) legal and other costs for any required District Boundary Review; and,
- c) routine maintenance of election data, systems and election initiatives deemed necessary to ensure critical information is current and in place for special and regular elections.

Anticipated Balances

The reserve has been established to provide funds for the municipal election. The balance is expected to reach the cost to run a municipal election plus any byelections during the term of Regional Council.

Review and Timeline

Reserve is to be ongoing. The Chief Financial Officer shall

- a) review the reserve annually to ensure that funds are contributed and withdrawn according to the approved Reserve Business Case;
- b) provide Regional Council an annual report on Reserve activity and balances;
- c) review and report on targeted contributions and balances annually and recommend adjustments as appropriate; and,
- d) review this Reserve every four years to ensure relevance and adequacy with the strategic direction of the Municipality.

Approval Process

As outlined in the Administrative Order 2014-015, withdrawals from the reserve will be approved by Regional Council, either through the annual budget process or by motion of Regional Council subsequent to the approved budget. Finance and Asset Management is responsible for ensuring availability of funds and appropriateness of withdrawals in accordance with the Reserve Business Case prior to recommendations to Audit & Finance Standing Committee and Regional Council.

Original Council Approval Date	September 20, 2016
Effective Date of Last Revision	July 8, 2025
Business Unit Director Contact	Office of the CAO Chief Financial Officer

Convention Centre Reserve, Q521

Reserve Business Case

Type of Reserve: Obligation.

Purpose

To provide funding to reimburse the Province of Nova Scotia for capital costs (through an annual base rent payment) for the construction of the Halifax Convention Centre (Nova Centre) and to provide funding to pay HRM's equal share of operating costs of the Halifax Convention Centre for 25 years per a Memorandum of Understanding Agreement ("MOU") between the Province of Nova Scotia and HRM.

Source of Funds

Funding arises from:

- a) all property taxes, including areas rates but excluding the BIDC rate, raised from the full site (convention centre, hotel, office tower, retail, and parking).
- b) amounts transferred to the fund as approved by Regional Council; and
- c) interest accumulated in accordance with the Corporate Guidelines respecting Reserves.

Condition of Funding

Funds are allocated for:

- a) rent payments to cover HRM's share of the capital costs amortized over 25-year lease; and,
- b) HRM's share of annual operating costs of the Halifax Convention Centre (Nova Centre).

Anticipated Balances

In accordance with the Administrative Order 2014-015 a maximum balance has not been set for this reserve.

Review and Timeline

Reserve is to be ongoing. The Chief Financial Officer shall

- a) review the reserve annually to ensure that funds are contributed and withdrawn according to the approved Reserve Business Case;
- b) provide Regional Council an annual report on Reserve activity and balances;

- c) review and report on targeted contributions and balances annually and recommend adjustments as appropriate; and,
- d) review this Reserve every four years to ensure relevance and adequacy with the strategic direction of the Municipality.

Approval Process

As outlined in the Administrative Order 2014-015, withdrawals from the reserve will be approved by Regional Council, either through the annual budget process or by motion of Regional Council subsequent to the approved budget. Finance and Asset Management is responsible for ensuring availability of funds and appropriateness of withdrawals in accordance with the Reserve Business Case prior to recommendations to Audit & Finance Standing Committee and Regional Council.

Original Council Approval Date	September 20, 2016
Effective Date of Last Revision	July 8, 2025
Business Unit Director Contact	Chief Financial Officer

Capital Fund Reserve, Q526

Reserve Business Case

Type of Reserve

Opportunity

Purpose

The intent of the Capital Fund Reserve is to accumulate funds from the operating surplus and the sale of municipal assets, as well as other funds for the renewal and expansion of its asset base. These funds will supplement available capital funding from capital from operating and debt.

Source of Funds

Funding arises from:

- a) amounts transferred to the fund as approved by Regional Council;
- b) sale of all municipal assets, other than the sale of Business/Industrial Parks land, the sale of land conveyed to HRM for parks, playgrounds or other similar public purposes under section 282 of the Halifax Regional Municipality Charter and any amount otherwise designated by Regional Council for a different reserve;
- c) all funds designated for the Capital Reserve Fund, as per Section 120 of the *Halifax Charter*, other than the current fiscal year's accrual for landfill closure and post closure costs and any amount otherwise designated by Regional Council for a different reserve; and,
- d) accumulated interest.

Conditions of Funding

Funds are allocated for:

- a) capital projects, including cost overruns and changes in scope,
- b) land purchases,
- c) the payment of principle,
- d) the payment of interest, if the underlying funds are not raised by the sale of assets, and,
- e) landfill closure and post-closure costs.

Anticipated Balances

The reserve has been established both to fulfill the legal requirements of Section 120 of the Halifax Charter and to provide funds for capital projects that are supplementary to any capital

from operating funding or anticipated debt funding. The reserve minimum balance is set at 10% of the average annual asset consumption and a target balance 50% of average annual asset consumption.

Review and Timeline

Reserve is to be ongoing. The Chief Financial Officer shall

- a) review the reserve annually to ensure that funds are contributed and withdrawn according to the approved Reserve Business Case;
- b) provide Regional Council an annual report on Reserve activity and balances;
- c) review and report on targeted contributions and balances annually and recommend adjustments as appropriate; and,
- d) review this Reserve every four years to ensure relevance and adequacy with the strategic direction of the Municipality.

Approval Process

As outlined in the Administrative Order 2014-015, withdrawals from the reserve will be approved by Regional Council, either through the annual budget process or by motion of Regional Council subsequent to the approved budget. Finance and Asset Management is responsible for ensuring availability of funds and appropriateness of withdrawals in accordance with the Reserve Business Case prior to recommendations to Audit & Finance Standing Committee and Regional Council.

Original Council Approval Date	September 20, 2016
Effective Date of Last Revision	July 8, 2025
Business Unit Director Contact	Chief Financial Officer

Multi-District Facilities Recapitalization Reserve, Q546

Reserve Business Case

Type of Reserve

Obligation.

Purpose

The intent of the Multi-District Facilities Recapitalization Reserve is to accumulate funds to upgrade, renovate and replace the various multi-district facilities including the Scotiabank Centre. By doing so the reserve enables the municipality to plan for the replacement and upgrade of significant community facilities while maintaining a stable, predictable property tax level.

The Multi-District facilities include event, and some indoor sport facilities as designated by Council. Currently, the Multi-District facilities include the following HRM owned assets: Alderney Landing, Halifax 4 Pad, Canada Games Centre, Cole Harbour Place, Zatsman Sportsplex, Halifax Forum, Sackville Sports Stadium, Scotiabank Centre and St. Margaret's Centre. Council may adjust the Multi-District Facilities listing to include other facilities.

Source of Funds

Funding arises from:

- a) amounts transferred to the fund from Multi-District Facilities including as per operating agreements and naming rights,
- b) amounts transferred to the fund as approved by Regional Council; and,
- c) accumulated interest.

Conditions of Funding

Funds are allocated for:

- a) construction, design and build of Multi-District facilities,
- b) renovation of Multi-District facilities,
- c) the payment of principle, and,
- d) the payment of interest, if the underlying funds are not raised by the sale of assets.

For greater certainty, operating costs, ongoing repair and maintenance are ineligible.

Anticipated Balances

No decision has been made on the future design of replacement facilities hence expected contributions and balances are based on indicative numbers and possible approaches. As such, the reserve represents contingency funding for what may be a significant financial

requirement. Once longer-term decisions and strategies are formulated, the reserve can be reviewed and the funds accumulated can form the basis of a more focused financial strategy. As future costs are unknown but expected to be significant, a maximum balance has not been set for this reserve.

Review and Timeline

Reserve is to be ongoing. The Chief Financial Officer shall

- a) review the reserve annually to ensure that funds are contributed and withdrawn according to the approved Reserve Business Case;
- b) provide Regional Council an annual report on Reserve activity and balances;
- c) review and report on targeted contributions and balances annually and recommend adjustments as appropriate; and,
- d) review this Reserve every four years to ensure relevance and adequacy with the strategic direction of the Municipality.

Approval Process

As outlined in the Administrative Order 2014-015, withdrawals from the reserve will be approved by Regional Council, either through the annual budget process or by motion of Regional Council subsequent to the approved budget. Finance and Asset Management is responsible for ensuring availability of funds and appropriateness of withdrawals in accordance with the Reserve Business Case prior to recommendations to Audit & Finance Standing Committee and Regional Council.

Original Council Approval Date	September 20, 2016
Effective Date of Last Revision	July 8, 2025
Business Unit Director Contact	Chief Financial Officer

Solid Waste Recapitalization Reserve, Q556

Reserve Business Case

Type of Reserve

Obligation.

Purpose

The intent of the Solid Waste Recapitalization Reserve is to accumulate funds to upgrade and replace solid waste facilities. By doing so the reserve enables the municipality to plan for the replacement and upgrade of solid waste facilities while maintaining a stable, predictable property tax level.

Source of Funds

Funding arises from:

- a) amounts transferred to the fund as approved by Regional Council;
- b) the Capital Cost Charge (CCC's) for Solid Waste Facilities as incorporated into Bylaws C-600, respecting Regional Capital Cost Charges and C-800, respecting Regional Capital Cost Charges for Solid Waste; and,
- c) accumulated interest.

Conditions of Funding

Funds are allocated for:

- a) construction, design and build of solid waste facilities,
- b) the payment of principle, and,
- c) the payment of interest, if the underlying funds are not raised by the sale of assets.

Anticipated Balances

No decision has been made on the future design of replacement solid waste facilities hence expected contributions and balances are based on indicative numbers and possible approaches. As such, the reserve represents contingency funding for what is expected to be an enormous financial requirement. Once longer-term solid waste decisions and strategies are formulated, the reserve can be reviewed and the funds accumulated can form the basis of a more focused financial strategy. As future costs are unknown but expected to be significant, a maximum balance has not been set for this reserve.

Review and Timeline

Reserve is to be ongoing. The Chief Financial Officer shall

- a) review the reserve annually to ensure that funds are contributed and withdrawn according to the approved Reserve Business Case;
- b) provide Regional Council an annual report on Reserve activity and balances;
- c) review and report on targeted contributions and balances annually and recommend adjustments as appropriate; and,
- d) review this Reserve every four years to ensure relevance and adequacy with the strategic direction of the Municipality.

Approval Process

As outlined in the Administrative Order 2014-015, withdrawals from the reserve will be approved by Regional Council, either through the annual budget process or by motion of Regional Council subsequent to the approved budget. Finance and Asset Management is responsible for ensuring availability of funds and appropriateness of withdrawals in accordance with the Reserve Business Case prior to recommendations to Audit & Finance Standing Committee and Regional Council.

Original Council Approval Date	September 20, 2016
Effective Date of Last Revision	July 8, 2025
Business Unit Director Contact	Chief Financial Officer

Master Plan Reserve, Q566

Reserve Business Case

Type of Reserve

Obligation.

Purpose

The intent of the Master Plan Reserve is to accumulate funds that are levied as part of the Master Plan process, including Regional and specific Master Plan Area charges.

Source of Funds

Funding arises from:

- a) amounts transferred to the fund as approved by Regional Council;
- b) any amount levied as part of a capital cost contribution or development charge, other than solid waste levies under by-law C-600, which are contributed to the Solid Waste Reserve, and funds collected on behalf of Halifax Water;
- c) accumulated interest.

Conditions of Funding

Funds are allocated for the purposes allowed under legislation and any by-law that establishes a master plan levy. This may include:

- a) land purchases,
- b) growth-related capital projects,
- c) studies relating to the establishment of a specific capital charge or to a growth-related capital project,
- d) the payment of principal and interest related to a) and b) above.

Anticipated Balances

A maximum balance has not been set for this reserve.

Review and Timeline

Reserve is to be ongoing. The Chief Financial Officer shall

- a) review the reserve annually to ensure that funds are contributed and withdrawn according to the approved Reserve Business Case;

- b) provide Regional Council an annual report on Reserve activity and balances;
- c) review and report on targeted contributions and balances annually and recommend adjustments as appropriate; and,
- d) review this Reserve every four years to ensure relevance and adequacy with the strategic direction of the Municipality.

Approval Process

As outlined in the Administrative Order 2014-015, withdrawals from the reserve will be approved by Regional Council, either through the annual budget process or by motion of Regional Council subsequent to the approved budget. Finance and Asset Management is responsible for ensuring availability of funds and appropriateness of withdrawals in accordance with the Reserve Business Case prior to recommendations to Audit & Finance Standing Committee and Regional Council.

Original Council Approval Date	NA
Effective Date of Last Revision	July 8, 2025
Business Unit Director Contact	Chief Financial Officer

Parkland Development Reserve, Q611

Reserve Business Case

Type of Reserve

Opportunity.

Purpose

The intent of the Parkland Development Reserve is to accumulate funds from the parkland dedication fees (cash-in-lieu) received through the development and subdivision process and for the acquisition of, and capital improvements to, parks, playgrounds and similar public purposes. The Reserve is governed by Halifax Regional Municipality Charter Section 283.

Source of Funds

Funding arises from:

- a) funds received under Halifax Regional Municipality Charter Section 283(1) and the Regional Subdivision By-law;
- b) funds received from sale of property no longer needed for parks, playgrounds or similar public purposes, pursuant to Halifax Regional Municipality Charter Section 283(14);
- c) amounts transferred to the fund as approved by Regional Council; and,
- d) accumulated interest.

Conditions of Funding

Funds are allocated for:

- a) capital improvements to parks, playgrounds, and capital projects with similar public purposes; and,
- b) accumulated interest.

Anticipated Balances

The reserve has been established both to fulfill the legal requirements of Section 283 of the Halifax Charter. Funds received as Parkland Dedication Fees and any sale of assets are generally unplanned and subject to development trends. As such, a targeted reserve level cannot be easily estimated and a maximum balance has not been set for this reserve.

Review and Timeline

Reserve is to be ongoing. The Chief Financial Officer shall

- a) review the reserve annually to ensure that funds are contributed and withdrawn according to the approved Reserve Business Case;
- b) provide Regional Council an annual report on Reserve activity and balances;
- c) review and report on targeted contributions and balances annually and recommend adjustments as appropriate; and,
- d) review this Reserve every four years to ensure relevance and adequacy with the strategic direction of the Municipality.

Approval Process

As outlined in the Administrative Order 2014-015, withdrawals from the reserve will be approved by Regional Council, either through the annual budget process or by motion of Regional Council subsequent to the approved budget. Finance and Asset Management is responsible for ensuring availability of funds and appropriateness of withdrawals in accordance with the Reserve Business Case prior to recommendations to Audit & Finance Standing Committee and Regional Council.

Original Council Approval Date	September 20, 2016
Effective Date of Last Revision	July 8, 2025
Business Unit Director Contact	Chief Financial Officer

Business Industrial Park Expansion Reserve, Q616

Reserve Business Case

Type of Reserve

Obligation.

Purpose

The intent is to ensure HRM has flexibility to purchase and improve infrastructure for select strategic land to ensure improved functioning of the local land market. Funding to come through sale of land in HRM business and industrial parks.

Source of Funds

Funding arises from:

- a) Net revenues from applicable land sales
- b) Amounts transferred by Council resolution/decision
- c) Accumulated interest as per corporate guidelines.

Conditions of Funding

Funds are allocated for:

- a) Business and industrial park land acquisition
- b) Infrastructure expenditures necessary to ensure lands are marketable.
- c) principal and interest costs incurred related to debentures for business park projects, as identified by Regional Council

Anticipated Balances

Reserve balances will vary with timing of relevant land sales and guidance from Real Estate on need for expenditures to up-fit land for marketability. No maximum balance has been set for this reserve.

Review and Timeline

Reserve is to be ongoing. The Chief Financial Officer shall

- a) review the reserve annually to ensure that funds are contributed and withdrawn according to the approved Reserve Business Case;
- b) provide Regional Council an annual report on Reserve activity and balances;

- c) review and report on targeted contributions and balances annually and recommend adjustments as appropriate; and,
- d) review this Reserve every four years to ensure relevance and adequacy with the strategic direction of the Municipality.

Approval Process

As outlined in the Administrative Order 2014-015, withdrawals from the reserve will be approved by Regional Council, either through the annual budget process or by motion of Regional Council subsequent to the approved budget. Finance and Asset Management is responsible for ensuring availability of funds and appropriateness of withdrawals in accordance with the Reserve Business Case prior to recommendations to Audit & Finance Standing Committee and Regional Council.

Original Council Approval Date	September 20, 2016
Effective Date of Last Revision	July 8, 2025
Business Unit Director Contact	Chief Financial Officer

Community Events Reserve, Q621

Reserve Business Case

Type of Reserve: Obligation

Purpose

To provide funding to attract and host exceptional large-scale sporting and tourism events that create economic benefit, promote Halifax as major event destination, and improve tourism flows to HRM.

To provide funding to community non-profit and public institutions in support of major capital initiatives by facilitating the development of significant community infrastructure to realize tangible cultural, sectoral, and economic impacts on a national, provincial, regional, or sectoral scale.

To provide funding to support the principles and objectives of the Cultural Plan and the HRM Public Art Policy.

Source of Funds

Funding arises from:

- a) a transfer of 40% of the Provincial Hotel Sales Tax (Marketing Levy).
- b) a transfer from Fiscal Services operating budget.
- c) amounts transferred to the fund as approved by Council; and,
- d) interest accumulated in accordance with the Corporate Guidelines respecting Reserves.

Conditions of Funding

Funds are allocated for:

- a) support to events that support tourism and economic development through the Marketing Levy grant program.
- b) Cultural/Heritage projects.
- c) significant community infrastructure (non-profit and public institutions); and,
- d) Public Art.

Anticipated Balances

A maximum balance of \$2 Million has been set for this reserve.

Review and Timeline

Reserve is to be ongoing. The Chief Financial Officer shall

- a) review the reserve annually to ensure that funds are contributed and withdrawn according to the approved Reserve Business Case;
- b) provide Regional Council an annual report on Reserve activity and balances;
- c) review and report on targeted contributions and balances annually and recommend adjustments as appropriate; and,
- d) review this Reserve every four years to ensure relevance and adequacy with the strategic direction of the Municipality.

Approval Process

As outlined in the Administrative Order 2014-015, withdrawals from the reserve will be approved by Regional Council, either through the annual budget process or by motion of Regional Council subsequent to the approved budget. Finance and Asset Management is responsible for ensuring availability of funds and appropriateness of withdrawals in accordance with the Reserve Business Case prior to recommendations to Audit & Finance Standing Committee and Regional Council.

Original Council Approval Date	September 20, 2016
Effective Date of Last Revision	July 8, 2025
Business Unit Director Contact	Executive Director, Parks & Recreation Chief Financial Officer

Canada Community Building Reserve, Q626

Reserve Business Case

Type of Reserve

Opportunity.

Purpose

The intent of the Canada Community Building Reserve is to accumulate funds from the Canada Community Building Fund, more commonly known as the Gas Tax. These funds will supplement available capital funding from capital from operating and debt.

Source of Funds

Funding arises from:

- a) amounts transferred to the fund from the Canada Building Community Fund;
- b) amounts transferred to the fund as approved by Regional Council; and,
- c) accumulated interest.

Conditions of Funding

Funds are allocated for projects that meet the eligibility criteria of the Canada Community Building Fund, including:

- a) capital projects,
- b) land purchases,
- c) the payment of principle,
- d) the payment of interest, if the underlying funds are not raised by the sale of assets, and,
- e) landfill closure and post-closure costs.

Anticipated Balances

The reserve has been established to fulfill the requirements of the Canada Community Building Fund and is dependent upon transfers from that fund. While there is a baseline of predictable transfers to the Municipality there have been, and may continue to be, additional transfers on top of this baseline that cannot always be anticipated. As such, a maximum balance has not been set for this reserve.

Review and Timeline

Reserve is to be ongoing. The Chief Financial Officer shall

- a) review the reserve annually to ensure that funds are contributed and withdrawn according to the approved Reserve Business Case;
- b) provide Regional Council an annual report on Reserve activity and balances;
- c) review and report on targeted contributions and balances annually and recommend adjustments as appropriate; and,
- d) review this Reserve every four years to ensure relevance and adequacy with the strategic direction of the Municipality.

Approval Process

As outlined in the Administrative Order 2014-015, withdrawals from the reserve will be approved by Regional Council, either through the annual budget process or by motion of Regional Council subsequent to the approved budget. Finance and Asset Management is responsible for ensuring availability of funds and appropriateness of withdrawals in accordance with the Reserve Business Case prior to recommendations to Audit & Finance Standing Committee and Regional Council.

Original Council Approval Date	September 20, 2016
Effective Date of Last Revision	July 8, 2025
Business Unit Director Contact	Chief Financial Officer

Density Bonus Reserve, Q640

Reserve Business Case

Type of Reserve: Opportunity.

Purpose

The reserve allocates resources for the implementation of the incentive or bonus zoning policies as contained in applicable municipal planning strategies and land use by-laws.

An effective reserve will improve transparency and simplify (bonus zoning) funding for affordable housing, heritage properties, public art, municipal parks, and community or cultural space, in addition to other Municipal funding sources and reserves.

Source of Funds

Sources of funds will include:

- a) incentive or bonus zoning money-in-lieu payments as required by the applicable land use by-laws.
- b) amounts transferred to the fund as approved by Council; and
- c) interest accumulated in accordance with the Corporate Guidelines respecting Reserves.

Conditions of Funding

- As per the Halifax Regional Municipality Charter Subsection 245A (6), the Municipality shall use any money accepted in-lieu of a contribution for the purpose for which the money was accepted.
- Funding allocation for the public benefits will be in accordance with the applicable land use by-laws; and
- Fund expenditures will be in accordance with any Administrative Orders approved by Council.

Anticipated Balances

The maximum balance will be \$20 Million to allow funds to accumulate and support large projects.

Review and Timeline

Reserve is to be ongoing. The Chief Financial Officer shall

- a) review the reserve annually to ensure that funds are contributed and withdrawn according to the approved Reserve Business Case;
- b) provide Regional Council an annual report on Reserve activity and balances;
- c) review and report on targeted contributions and balances annually and recommend adjustments as appropriate; and,
- d) review this Reserve every four years to ensure relevance and adequacy with the strategic direction of the Municipality.

Approval Process

As outlined in the Administrative Order 2014-015, withdrawals from the reserve will be approved by Regional Council, either through the annual budget process or by motion of Regional Council subsequent to the approved budget. Finance and Asset Management is responsible for ensuring availability of funds and appropriateness of withdrawals in accordance with the Reserve Business Case prior to recommendations to Audit & Finance Standing Committee and Regional Council.

Original Council Approval Date	September 22, 2020
Effective Date of Last Revision	July 8, 2025
Business Unit Director Contact	Director of Planning & Development Chief Financial Officer

Strategic Initiative Reserve – Capital, Q666

Reserve Business Case

Type of Reserve

Opportunity.

Purpose

The intent of the Strategic Initiatives Reserve is to accumulate funds to pay for the principal and interest costs associated with Strategic Initiatives. By doing so the reserve enables the municipality to achieve its Strategic Initiatives through leveraging debt while maintaining a stable, predictable property tax level.

Strategic Initiatives were identified in Regional Council's *Fiscal Sustainability Strategy* (December 15, 2020)) and the *Strategic Initiative Funding Plan* (January 20, 2021). They are defined as "those whose implementation would require a discernible increase to the tax rate in order to move forward". Strategic Initiatives often share certain common characteristics:

- *They represent an element of a key strategy approved by Regional Council;*
- *They are most likely capital and may represent a family of capital projects;*
- *They are significant financial investments that cannot be accommodated within the existing budget without an unintended service disruption or a tax increase;*
- *Their implementation requires significant planning over multiple fiscal years;*
- *They represent new initiatives and are not ongoing in nature;*
- *The issuance of debt for these initiatives that would be above the current debt policy targets and may require special reserve business cases;*
- *if debt is issued, then the term of the debt should match the life of the asset; and,*
- *They require ongoing review and oversight as many of the future costs and savings cannot yet be ascertained.* (Strategic Initiative Funding Plan, January 20, 2021)

Source of Funds

Funding arises from:

- a) amounts transferred to the fund as approved by Regional Council;
- b) annual transfer from Fiscal Services operating budget in the amount that equals one cent of property tax (commercial, residential and resource); and,
- c) accumulated interest.

Conditions of Funding

Funds are allocated for:

- a) to fund principal and interest costs incurred related to debentures on Strategic Initiative projects, as identified by Regional Council,
- b) projects must be eligible for debentures and be capital in nature, and,
- c) as per the Halifax Charter, any funds transferred to the reserve from the sale of an asset may be used for the payment of principle, but not the payment of interest.

Anticipated Balances

Future contributions have been estimated so as to defease anticipated principal and interest costs based on assumed debenture dates for Strategic Initiatives. By ensuring the reserve is adequately funded, amounts are available to offset debt payments. This provides the municipality with the ability to pay for a higher level of debt than it would otherwise while maintaining stable and predictable tax levels. As target reserve levels are based on anticipated debenture dates and amounts, a maximum balance has not been set for this reserve.

Review and Timeline

Reserve is to be ongoing. The Chief Financial Officer shall

- a) review the reserve annually to ensure that funds are contributed and withdrawn according to the approved Reserve Business Case;
- b) provide Regional Council an annual report on Reserve activity and balances;
- c) review and report on targeted contributions and balances annually and recommend adjustments as appropriate; and,
- d) review this Reserve every four years to ensure relevance and adequacy with the strategic direction of the Municipality.

Approval Process

As outlined in the Administrative Order 2014-015, withdrawals from the reserve will be approved by Regional Council, either through the annual budget process or by motion of Regional Council subsequent to the approved budget. Finance and Asset Management is responsible for ensuring availability of funds and appropriateness of withdrawals in accordance with the Reserve Business Case prior to recommendations to Audit & Finance Standing Committee and Regional Council.

Original Council Approval Date	April 12, 2022
Effective Date of Last Revision	July 8, 2025
Business Unit Director Contact	Chief Financial Officer

Strategic Initiative Reserve – Operating, Q667

Reserve Business Case

Type of Reserve

Opportunity.

Purpose

The intent of the Strategic Initiatives Reserve is to accumulate funds to pay for the operating costs associated with Strategic Initiative Projects. By doing so the reserve enables the municipality to achieve its Strategic Initiatives while maintaining a stable, predictable property tax level.

Strategic Initiatives were identified in Regional Council's *Fiscal Sustainability Strategy* (December 15, 2020)) and the *Strategic Initiative Funding Plan* (January 20, 2021). They are defined as "those whose implementation would require a discernible increase to the tax rate in order to move forward". Strategic Initiatives often share certain common characteristics:

- *They represent an element of a key strategy approved by Regional Council;*
- *They are most likely capital and may represent a family of capital projects;*
- *They are significant financial investments that cannot be accommodated within the existing budget without an unintended service disruption or a tax increase;*
- *Their implementation requires significant planning over multiple fiscal years;*
- *They represent new initiatives and are not ongoing in nature;*
- *The issuance of debt for these initiatives that would be above the current debt policy targets and may require special reserve business cases;*
- *if debt is issued, then the term of the debt should match the life of the asset; and,*
- *They require ongoing review and oversight as many of the future costs and savings cannot yet be ascertained.* (Strategic Initiative Funding Plan, January 20, 2021)

Source of Funds

Funding arises from:

- a) amounts transferred to the fund as approved by Regional Council; and,
- b) accumulated interest.

Conditions of Funding

Funds are allocated for:

- a) to fund costs incurred related to completion of Strategic Initiative projects, as identified by Regional Council,
- b) funding is for project costs but exclude any ongoing operating costs.

Anticipated Balances

Future contributions have been estimated so as to complete Strategic Initiative projects based on estimated costs and completion dates. By ensuring the reserve is adequately funded, amounts are available to fund projects. As target reserve levels are based on anticipated costs and completion dates, a maximum balance has not been set for this reserve.

Review and Timeline

Reserve is to be ongoing. The Chief Financial Officer shall

- a) review the reserve annually to ensure that funds are contributed and withdrawn according to the approved Reserve Business Case;
- b) provide Regional Council an annual report on Reserve activity and balances;
- c) review and report on targeted contributions and balances annually and recommend adjustments as appropriate; and,
- d) review this Reserve every four years to ensure relevance and adequacy with the strategic direction of the Municipality.

Approval Process

As outlined in the Administrative Order 2014-015, withdrawals from the reserve will be approved by Regional Council, either through the annual budget process or by motion of Regional Council subsequent to the approved budget. Finance and Asset Management is responsible for ensuring availability of funds and appropriateness of withdrawals in accordance with the Reserve Business Case prior to recommendations to Audit & Finance Standing Committee and Regional Council.

Original Council Approval Date	April 12, 2022
Effective Date of Last Revision	July 8, 2025
Business Unit Director Contact	Chief Financial Officer

Police Extraordinary Investigations Reserve, QXXX

Reserve Business Case

Type of Reserve

Risk

Purpose

To accumulate funds that provide Halifax Regional Police (HRP) with timely access to financial resources required for unanticipated, complex, and often long-term criminal investigations that exceed routine operational capacity. These investigations—such as high-risk undercover operations, multi-jurisdictional organized crime investigations, and advanced surveillance—often require significant overtime, specialized expertise, inter-agency collaboration, and victim/witness support.

The reserve enables HRP to:

- Sustain complex investigations over multiple years.
- Participate in joint task forces with national or international law enforcement partners.
- Ensure victim and witness safety and support.
- Avoid interruptions or delays due to lack of available operating funds.

Source of Funds

funding arises from:

- a) Annual operating budget contributions as approved by Regional Council.
- b) Transfers from other budget surpluses, if applicable and approved.
- c) accumulated interest.

Conditions of Funding

Funds may be used for:

- a) Unexpected costs related to extraordinary or complex investigations.
- b) Specialized technical and human resources, such as transcription, translation, undercover logistics, or external forensic/laboratory analysis.
- c) Inter-agency partnerships, including travel and cost-sharing agreements with RCMP, OPP, or federal task forces.

- d) Victim and witness protection, relocation, and support services not otherwise eligible under federal programs.
- e) Overtime for covert operations conducted outside regular hours for safety and secrecy.

Anticipated Balances

The reserve should maintain a minimum balance of \$2 million. If funds are used from the reserve they should be replenished in the subsequent fiscal year.

Review and Timeline

Reserve is to be ongoing. The Chief Financial Officer shall

- Annual review by Halifax Regional Police in conjunction with Financial Services to assess adequacy and usage.
- Reports on the reserve balance and uses will be included in the HRP financial review process.
- Full review every four years to ensure relevance and strategic alignment with municipal risk management and public safety priorities.

Approval Process

- All requests for funding must be initiated by the Chief of Police.
- Confirmation of fund availability is the responsibility of Financial Services.
- Due to the confidential nature of ongoing criminal investigations, approval for funds can bypass council review and be granted by the Chief of Police.
- Summary reporting may occur post-investigation when disclosure will not jeopardize operational security or technique.

Original Council Approval Date	July 8, 2025
Effective Date of Last Revision	
Business Unit Director Contact	Chief Financial Officer

Police Extraordinary Investigation Reserve Proposal

Prepared by:

D/Chief Andrew Matthews

DATE:

May 30, 2025



HALIFAX

Reserve Business Case: Police Extraordinary Investigation Reserve

Type of Reserve: Risk. A contingency fund for risk recognizes:

- The financial risk of unforeseen events involving substantial costs, such as emergencies or economic events; and
- That a reserve can mitigate this risk by providing funding for sufficient public safety or preventing service interruptions.

Purpose: To provide a source of funds that are a contingency for risk such as emergency events or extraordinary investigations which may not be covered by the normal budgeting process. There can be unanticipated costs related to critical incidents and complex extraordinary investigations that are time consuming and utilize numerous technical and human resources. These investigations can span over several budget years and exceed what would normally be available within Halifax Regional Police's Criminal Investigation Divisions operating budget. A reserve source of funds will help Halifax Regional Police to make ongoing and meaningful contributions to the well-being and safety of our communities by ensuring the following;

1. *Enhanced Investigation Capabilities*

With the support of a dedicated reserve budget, Halifax Regional Police will be positioned to enhance their capabilities in conducting complex investigations that are often beyond the scope of routine policing. These operations—frequently long-term, resource-intensive, and high-risk require a sophisticated blend of strategy, technology, and expertise.

Among the most impactful of these capabilities are advanced undercover operations, which involve the careful placement of specially trained officers within criminal organizations to gather firsthand intelligence. Such assignments often require logistical support, human and technical surveillance and significant preparation to ensure the safety and effectiveness of the officers involved. The reserve budget allows for these operations to be planned and sustained over time effectively.

Surveillance is another cornerstone of complex investigations, and with adequate funding, law enforcement can employ a wide range of tools. Some equipment is owned by Halifax Regional Police and at times the agency will rely on cooperation from other agencies such as the RCMP and Ontario Agencies who have access to more advanced technologies and resources. This cooperation can result in additional unexpected costs. Overtime related to factors dictated by the investigation including surveillance, covert operations that must occur outside normal working hours for safety and to maintain secrecy as well as costs related to disclosure such as transcription or translation time are unpredictable and can be cost prohibitive and can vary greatly year to year.

The availability of reserve funds allows police departments to participate in multi-agency projects bringing together local, national, and even international partners.



2. Inter-agency Collaboration

A reserve fund will help Halifax Regional Police facilitate collaboration with other law enforcement agencies and organizations. By having immediate access to reserve financial resources, Halifax Regional Police can participate in joint investigations or share costs for specialized resources, such as multi-agency task forces targeting organized crime such as human trafficking, drug trafficking and sophisticated multi-million-dollar fraud investigations. Joint investigations, especially those with undercover or covert components can be essential to solving high profile complex cases that significantly impact public safety and the security and well-being of HRM residents. Halifax Regional Police has had tremendous success in recent years collaborating with other agencies in high profile investigations. These investigations can incur unexpected costs related to travel, overtime and subsequent disclosure.

3. Support for Victims and Witnesses

In addition to enhancing investigation capabilities, a reserve fund can also be used to support victims and witnesses, ensuring they receive the assistance needed to cooperate with investigations. This may include funding for counselling services, witness protection/maintenance, or transportation assistance, which can lead to stronger community relations and more effective investigative outcomes. In recent files witnesses have needed to be relocated to ensure their safety as the suspects await trial. Witnesses do not always qualify for the witness protection program managed by the RCMP and HRP may need to cover the cost of relocation and ensuring the safety of the witness for extended periods of time. This can be very costly and not able to be predicted.

Source of Funds: TO BE DETERMINED

Application of Funds:

1. **Complex Investigations:** Funds may be used for unexpected expenses related to incidents and resulting complex investigations.
2. **Specialized Resources:** Utilizing external experts or consultants for complex cases, including but not limited to cybercrime, financial fraud, forensic labs or resources from other police agencies such as the RCMP, OPP etc., transcription and translation services and private DNA labs to further investigations.

Budget Allocation:

Requesting a proposed reserve amount of \$2,000,000, based on an estimated 1 to 1.5 extraordinary cases maximum throughout the fiscal year, taking into consideration that some cases may carry over to the next fiscal year. The reserve will be replenished to the \$2,000,000 each budget year if necessary.

Approval Process: All requests for funds from this Reserve must be initiated by the Chief of Police. Confirmation will be made by Financial Services as to the availability of funds. Due to the



sensitive nature of ongoing investigations, approval for funds can bypass council review and be granted by the Chief of Police.

This procedure ensures timely and confidential access to necessary resources. Detailed reports on it's use can be made if the investigation is brought to conclusion, and disclosure does not jeopardize an ongoing investigation or investigative technique.

Conclusion: A reserve fund for Halifax Regional Police extraordinary investigations is a vital tool for enhancing law enforcement effectiveness, community trust, and overall public safety. By ensuring financial preparedness and flexibility, the Halifax Regional Police can better respond to the complexities of modern crime, ultimately leading to safer communities and more successful investigations.

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