



Municipal District of Bonnyville No. 87

Request for Decision (RFD)

Meeting: Regular Meeting of Council
Meeting Date: March 11, 2025
Originated By: Calvin Bespalko, Manager of Assessment Services
Title: Greater North Foundation – Request to Establish a Limit for the Capital Reserve Fund

PROPOSAL & BACKGROUND

In January 2023 M.D. Council approved a request from the Greater North Foundation (the Foundation) for the establishment of a capital reserve fund for the purpose of maintenance, replacement, and renewal of aging facility infrastructure. This was established in accordance with the Alberta Housing Act and the Management Body Operation and Administration Regulation (the Regulation).

The Foundation is now requesting Council to establish a limit of \$3,000,000 on the aggregate amount that may be held in the capital reserve fund. This is a request the Foundation is required to bring to all municipalities for which the management body provides senior lodge accommodations for. The Foundation is also presenting the current calculation used to establish this annual capital expenditure to the capital reserve fund.

DISCUSSION ON BENEFITS, DISADVANTAGES & OPTIONS

The Greater North Foundation initially submitted their request for approval to establish a capital reserve fund on November 15, 2022 (Appendix B). This request was deliberated on January 10, 2023 and again January 24, 2023 with Council approving the request on January 24, 2023 as follows:

Resolution No. 23.064 - THAT the Council of the Municipal District of Bonnyville approves the establishment of a reserve fund by the Greater North Foundation as outlined in the Alberta Housing Act and Management Body Operation and Administration Regulation.

In 2023, the Greater North Foundation completed an independent evaluation of their assets which identified an estimated total of \$5,258,000 in maintenance and upgrades needed for the Foundation's properties over the next 20 years.

The Foundation recently submitted a letter requesting Council's approval for an annual capital requisition in the amount of \$262,900, being 1/20 of the estimated maintenance and upgrade cost noted in the aforementioned Report, as well as Council's approval for an aggregate limit of \$3,000,000 for the Capital Maintenance Reserve, in accordance with the Alberta Housing Act.

The Foundation does note that in the event they are dissolved, the reserve funds will be returned to the requisitioning municipalities according to the equalized assessment formula.

Although the resolution, requested in the February 10, 2025 letter, included the calculation to establish the annual capital contribution amount, the Regulation only allows municipalities to establish aggregate limits on capital or operating reserve funds and to allow for a process to address amounts in excess of the aggregate limits. The Chief Administrative Officer of the Foundation was contacted on February 21, 2025 regarding this issue. A mutually agreed conclusion of the discussion was a revision to their resolution request. This revision is defined in the Administration Recommended Action. In addition, the Chief Administrative Officer stated the possibility of a fund meeting the requested \$3,000,000 limit would not likely happen for a very long time.

Attached for Council's reference:

- Appendix A: 2025 Request for Capital Reserve Requisition Approval
- Appendix B: 2022 Request for Capital Reserve Establishment Approval

REFERENCE TO STRATEGIC PLAN

N/A

REFERENCE TO PROVINCIAL/FEDERAL LEGISLATION

Alberta Housing Act Section 7
Management Body Operation & Administration Regulation Section 23.1

COSTS & SOURCE OF FUNDING

Any cost implication will be included with the 2025 property tax levy in the form of a requisition.

COMMUNICATIONS STRATEGY

This report will be posted on the M.D. website as part of the Regular Council meeting for March 11, 2025.

ADMINISTRATION RECOMMENDED ACTION

THAT Council approves the establishment of a limit of \$3,000,000 on the aggregate amount that may be held in the Greater North Foundation Capital Reserve fund, and accepts that the current calculation of the annual capital requisition is based on 1/20 of the most recent 20-year maintenance plan as information.

COUNCIL OPTIONS

1. THAT Council approves the establishment of a limit of \$3,000,000 on the aggregate amount that may be held in the Greater North Foundation Capital Reserve fund, and accepts that the current calculation of the annual capital requisition is based on 1/20 of the most recent 20-year maintenance plan as information.
2. THAT Council accepts the request from Greater North Foundation to establish a limit for their Capital Reserve fund as information.

Report Approval Details

Document Title:	Greater North Foundation - Capital Reserve.docx
Attachments:	- Appendix A - Greater North Foundation Request 2025.pdf - Appendix B - Greater North Foundation Initial Request 2022.pdf
Final Approval Date:	Feb 28, 2025

This report and all of its attachments were approved and signed as outlined below:

Susan Walker

Stephanie Severin