

FINANCIAL MANAGEMENT COMMITTEE

*HIS WORSHIP, THE MAYOR
AND COUNCILLORS*

SUBJECT: GAMING RESERVE AND GAMING INTEREST RESERVE

RECOMMENDATION:

1. THAT Council receive this report for information.

REPORT

The Financial Management Committee, at its meeting held on 2020 March 11, received and adopted the *attached* report providing information on the status of the Gaming Reserve and Gaming Interest Reserve.

Respectfully submitted,

Mayor M. Hurley
Chair

Councillor S. Dhaliwal
Vice Chair

Copied to: City Manager Director Finance Members of Management Committee
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TO: CHAIRS AND MEMBERS
FINANCIAL MANAGEMENT COMMITTEE

DATE: 2020 March 04

FROM: DIRECTOR FINANCE

FILE: 7300-20

SUBJECT: GAMING RESERVE & GAMING INTEREST RESERVE

PURPOSE: To provide information on the status of the Gaming Reserve and Gaming Interest Reserve.

RECOMMENDATION:

1. **THAT** the Financial Management Committee recommend Council receive this report for information.

REPORT**1.0 INTRODUCTION**

This report is being provided to the Financial Management Committee as information on the status of the Gaming Reserve and the Gaming Interest Reserve as at 2019 December 31. An annual return, due by 2020 March 15, will be provided to the Province on the cash inflows and outflows of the Gaming Reserve.

2.0 POLICY SECTION**Goal**

- A Connected Community
 - Partnership –
Work collaboratively with businesses, educational institutions, associations, other communities and governments
- A Thriving Organization
 - Financial viability –
Maintain a financially sustainable City for the provision, renewal and enhancement of City services, facilities and assets

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From: Director Finance
Re: Gaming Reserve & Gaming Interest Reserve
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3.0 BACKGROUND

Through the Host Financial Assistance Agreement with the Province of BC, the City receives 10% of the net Provincial proceeds from the Grand Villa (Gateway Casino). The eligibility criteria for use of casino gaming grants include operating expenditures and/or capital projects that serve to protect or improve Burnaby's environment, including beautification, heritage, public safety, international relations, arts and culture or other projects or programs at the discretion of Council.

In addition, operating expenditures and/or capital project initiatives would satisfy the following criteria:

- a) Ad hoc pilot projects which extend over a specific period of time.
- b) Discrete capital projects that do not require ongoing capital funding requirements.
- c) Gaming funds on hand shall be sufficient to complete the proposed project.
- d) The activity and/or project shall have little or no ongoing impact on the operating budget or result in a reliance on the property tax levy.

Council reviews and approves all operating expenditures and capital project initiatives funded by the Gaming Reserve annually prior to inclusion in the Financial Plan.

Attachment 1 (Gaming Reserve Summary by Year 2000 – 2019) provides a summary of the Gaming Reserve grants received and the expenditures made for the entire period of this Provincially funded program. As per the Host Financial Assistance Agreement, all grants received and expenditures made from the grants are to be reported back to the Province on a cash basis by March 15 of each year. Included in Attachment 1 is a 2020 forecast based on operating expenditures and capital projects that have been approved to utilize the Gaming Reserve during the Provisional budget process.

Expenditures funded from the Gaming Reserve for 2019 totaled \$8,075,881, of which \$2,796,808 are operating expenditures and \$5,279,073 are capital expenditures. Attachment 2 provides the details of these expenditures. In 2019, the City budgeted to receive approximately \$11,500,000 as a gaming grant from the Province and actually received \$11,892,514. The balance of the Gaming Reserve is \$83,885,110 as at 2019 year-end.

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The following table provides the actual gaming grants received by City for the past 5 years (2015 to 2019) compared to budget:

Year	Budget (\$)	Actual (\$)
2015	9,500,000	11,093,270
2016	9,500,000	10,715,090
2017	9,500,000	11,015,359
2018	9,500,000	12,558,049
2019	11,500,000	11,892,514

The average actual grants received in the past five years is approximately \$11,654,900. As a result, the 2020 gaming grant is budgeted at \$11,500,000 for future years in the 2020 – 2024 Provisional Financial Plan.

At the end of the fiscal year, the total annual interest income earned on the balance of the Gaming Reserve is transferred to the Gaming Interest Reserve with the intent to use the proceeds to fund priority one-time operating projects as determined by Council.

Interest earnings on the Gaming Reserve totaled \$2,912,735 in 2019 which was transferred to the Gaming Interest Reserve. There were no expenditures from the Gaming Interest Reserve in 2019. The 2019 ending balance in the Gaming Interest Reserve is \$8,820,068.

Overall, the Gaming Reserve and Gaming Interest Reserve continue to be viable funding sources for capital and operating initiatives as per the criteria outlined and approved by Council through the annual budget process.

4.0 RECOMMENDATION

It is recommended that the Financial Management Committee recommend Council receive this report for information.



Noreen Kassam, CPA, CGA
DIRECTOR FINANCE

NK:RG:WK / md

Attachments: 1 – Gaming Reserve – Summary by Year 2000 to 2019
2 – Gaming Reserve – 2019 Summary of Revenue and Expenditures

Copied to: City Manager
Members of Management Committee

GAMING RESERVE - SUMMARY BY YEAR FROM 2000 TO 2019

	<u>2000 - 2011*</u>	<u>2012</u>	<u>2013*</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>GRAND TOTAL 2000-2019</u>	<u>2020 Provisional Plan Forecast</u>
OPENING BALANCE	\$ -	\$ 56,833,570	\$ 61,294,974	\$ 54,277,918	\$ 57,105,601	\$ 65,895,366	\$ 75,937,826	\$ 84,176,063	\$ 80,068,477	\$ -	\$ 83,885,110
ADDITIONS TO GAMING RESERVE											
Casino Grant Received	\$ 100,485,920	\$ 9,231,134	\$ 9,162,482	\$ 10,004,796	\$ 11,093,270	\$ 10,715,090	\$ 11,015,359	\$ 12,558,049	\$ 11,892,514	\$ 186,158,614	\$ 11,500,000
Interest	\$ 21,745,937	\$ 3,276,580	\$ 2,903,894	-	-	-	-	-	-	\$ 27,926,411	-
TOTAL ADDITIONS	\$ 122,231,856	\$ 12,507,714	\$ 12,066,377	\$ 10,004,796	\$ 11,093,270	\$ 10,715,090	\$ 11,015,359	\$ 12,558,049	\$ 11,892,514	\$ 214,085,025	\$ 11,500,000
EXPENDITURES											
Capital Spending	\$ (58,737,328)	\$ (7,394,717)	\$ (18,378,196)	\$ (6,560,086)	\$ (2,303,505)	\$ (672,630)	\$ (2,040,645)	\$ (15,568,539)	\$ (5,279,073)	\$ (116,934,719)	\$ (31,706,400)
Operating Spending	\$ (6,660,959)	\$ (651,592)	\$ (705,237)	\$ (617,027)	-	-	\$ (736,477)	\$ (1,097,096)	\$ (2,796,808)	\$ (13,265,196)	\$ (2,617,500)
TOTAL EXPENDITURES	\$ (65,398,287)	\$ (8,046,309)	\$ (19,083,433)	\$ (7,177,113)	\$ (2,303,505)	\$ (672,630)	\$ (2,777,122)	\$ (16,665,635)	\$ (8,075,881)	\$ (130,199,915)	\$ (34,323,900)
ENDING BALANCE	\$ 56,833,570	\$ 61,294,974	\$ 54,277,918	\$ 57,105,601	\$ 65,895,366	\$ 75,937,826	\$ 84,176,063	\$ 80,068,477	\$ 83,885,110	\$ 83,885,110	\$ 61,061,210

* Restated to report cash basis as per Host Local Government Revenue and Expenditure Report

**GAMING RESERVE
2019 SUMMARY OF REVENUES AND EXPENDITURES**

OPENING BALANCE	\$ 80,068,477.56
ADDITIONS TO GAMING RESERVE (Cash Basis)	
Casino Grant Received:	11,892,513.86
TOTAL ADDITIONS	11,892,513.86
EXPENDITURES	
OPERATING EXPENDITURES	
Burnaby Hospital Foundation Grant - CT Scanner	(1,000,000.00)
Festivals & Events Grants	(170,250.00)
Anti-Graffiti Mural Grant Program	(6,000.00)
Community Grants Subtotal	(1,176,250.00)
Trans Mountain Pipeline	(259,579.71)
Festivals/Special Events - Engineering Services	(256,616.30)
Energy Performance Program	(200,000.00)
Upgrade & Assessments of Asbestos Containing Material	(193,081.36)
Safety & Security Enhancements	(150,000.00)
Community Safety Plan	(123,203.49)
Fire Services Review	(100,000.00)
Byrne Creek Dykes Study	(83,100.00)
Festivals/Special Events - Police Services	(70,000.00)
Riparian Monitoring	(53,943.85)
Water Conservation Program	(47,500.00)
Rainbow Crosswalks	(33,400.00)
Storage Boxes & Kiosks Maintenance	(24,571.48)
Accessibility Projects	(16,000.00)
International Relations - Sister City	(9,561.92)
Other Operating Expenditures	(1,620,558.11)
TOTAL OPERATING EXPENDITURES	(2,796,808.11)
CAPITAL EXPENDITURES	
Service Centre - Laurel Street	(3,399,648.28)
Ledger Temporary Works Yard	(590,914.81)
Safety and Security Enhancements in Park	(397,869.01)
Water Conservation Devices	(173,030.89)
Norland Works Yard Modernization	(126,462.00)
Security Equipment Replacement & Expansion	(113,217.89)
City Buildings - Heritage & Cultural	(112,929.43)
Accessibility Improvements	(77,804.34)
Electric Vehicle Charging Civic Facilities	(68,694.91)
RCMP Drug Processing Facility Study & Construction	(52,632.65)
Video Security & Monitoring Systems	(51,995.61)
City Buildings - Works Yards	(43,672.56)
Safety and Security Multiple Sites	(31,913.18)
Norland Yard Winter Operations Facility (Salt Shed)	(21,958.88)
Burnaby 125 Year Heritage Markers	(8,926.95)
Laurel Works Yard Contamination Cleanup	(7,401.77)
TOTAL CAPITAL EXPENDITURES	(5,279,073.16)
ENDING BALANCE	\$ 83,885,110.15