



TO: CITY MANAGER **DATE:** 2013 November 29
FROM: DIRECTOR FINANCE **FILE:** 47000-20
SUBJECT: GAMING FUND POLICY AMENDMENT
PURPOSE: To provide recommended amendments to the Gaming Fund Policy for the consideration of Council.

RECOMMENDATION:

THAT Council adopt the amended Gaming Fund Policy Statement and Procedure as outlined in this report.

REPORT

At the 2013 May 23 meeting of the Finance and Civic Development Committee (FCDC), staff were requested to modify the guidelines on the use of casino Gaming Funds to include, as eligibility criteria, one-time operating expenditure initiatives that serve to protect or improve Burnaby’s environment including beautification initiatives, heritage, public safety or arts and culture. Annual funding for these operating initiatives would be limited to the amount of interest earned on the Gaming Fund Reserve in the prior year.

The Committee also requested that going forward the Annual Operating Budget include as a funding source, the prior years’ interest earned on the Gaming Fund Reserve.

The enclosed Gaming Fund Policy Statement and Procedure outlines the City’s current and updated guidelines on the use of Gaming Funds.

1.0 BACKGROUND

In 2000, the City entered into an Agreement with the Province of BC for the receipt of 10% of the net Provincial proceeds from the Grand Villa (Gateway) Casino in Burnaby. The Agreement specifies that the funds may be used for “...any purpose that would be of benefit to the host communities.”

Current guidelines on the use of Gaming Funds for one-time funding initiatives are generally limited to:

- Dedicated capital works that serve to protect or improve Burnaby’s environment, heritage, public safety or arts and culture.
- Annual funding of \$670,000 for the Festivals Burnaby Project.

The use of Gaming Funds for purposes other than capital works has been approved by Council, since 2007, where the project or activity supports initiatives that serve to protect or improve Burnaby's environment including beautification, heritage, public safety or arts and culture.

2.0 GAMING FUND POLICY AMENDMENT

As directed by the Finance and Civic Development Committee:

2.1 One-Time Operating Expenditure Initiatives

The City's current Gaming Fund usage guidelines will be expanded to include, as eligibility criteria, one-time operating expenditure initiatives of Council that serve to protect or improve Burnaby's environment including beautification, heritage, public safety, international relations or arts and culture.

2.2 Use of Annual Interest Earnings on the Gaming Fund Reserve

The guidelines will also be modified to include the use of the annual interest earned on the Gaming Fund Reserve as an operating source of funding for one-time expenditure initiatives of Council listed in Section 2.1. At the end of a given year the annual interest earned on the Gaming Fund Reserve will be returned to the Operating Gaming Fund.

As noted in the Gaming Fund report to the Finance and Civic Development Committee dated 2013 May 13, the balance in the Gaming Fund is a component of the City's consolidated investment portfolio administered by the Treasury Division of the Finance Department. The annual interest is distributed to City's reserve funds including the Operating Fund based on each individual fund balance and is used to assist in funding City's programs and services. As such, interest earnings have continued to accumulate in the Gaming Fund Reserve since inception.

There is no legal requirement specified within the Host Financial Assistance Agreement with the Province of BC to return the interest to the Gaming Fund Reserve.

Going forward, the Annual Financial Plan will include the prior years' interest earned on the Gaming Fund Reserve. To facilitate an Operating Gaming Fund revenue budget account will be established, comprised of the prior years' gaming interest. An offsetting expenditure budget will also be established to ensure there is no impact on the City's property tax levy. Any unused funds remaining at the end of the year will be returned to the Operating Gaming Fund.

All proposed one-time operating expenditures to be funded by gaming revenue interest through the operating budget will be identified during preparation of the Annual Plan and brought forward to Council for approval.

Under the Host Financial Assistance Agreement with the Province of BC, the City is obligated to record and report the use of Gaming Funds annually to the Province of BC.

To: City Manager
From: Director Finance
Re: Gaming Fund Policy Amendment
2013 November 29.....Page 3

3.0 RECOMMENDATION

A statement and procedure document which outlines current and updated guidelines on the use of casino Gaming Funds is attached for reference. It is recommended Council adopt the proposed changes to the Gaming Fund Policy and the Statement of Policy and Procedure.



Denise Jorgenson
DIRECTOR FINANCE

DJ/ew

Attachment #1: Gaming Fund Statement of Policy and Procedure



Statement of Policy and Procedure

Department:	Finance	Division:	Finance Administration
Policy area:	Reserves & Funds		
Subject:	Gaming Fund Policy		
Issued to:	All Departments		
Issued date:	TBD		
Effective date:	TBD		
Approved by:			
	COUNCIL		

1 POLICY

- 1.01 In accordance with the *Host Financial Assistance Agreement* with the Province of BC, the City shall use community gaming funds to fund Council approved initiatives of a one-time nature. The eligibility criteria for use of casino gaming funds shall include:
- Operating expenditures and/or capital projects that serve to protect or improve Burnaby's environment including beautification, heritage, public safety, international relations, or arts and culture.
- 1.02 Operating expenditures and/or capital project initiatives shall 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.
- 1.03 On an annual basis all operating expenditures and capital project initiatives funded by the Gaming Fund Reserve shall be reviewed and approved by Council prior to inclusion in the Annual Financial Plan.
- 1.04 Community gaming grants shall be deposited to a Gaming Fund Reserve which shall earn interest consistent with the City's consolidated investment portfolio administered by the Treasury Division of the Finance Department.
- 1.05 The prior years' annual interest earned on the Gaming Fund Reserve shall be included in an operating *Gaming Funds Budget* within the Annual Operating Financial Plan for

disbursement by Council in accordance with stated policy. Any unused funds shall be returned to an Operating Gaming Fund Reserve.

2 PURPOSE

- 2.01 The purpose of this Policy is to set the parameters and establish guidelines under which Council will use gaming funds including interest earned on the Gaming Fund Reserve.

3 BACKGROUND

- 3.01 Under the Province of BC, community gaming grants are administered by the Gaming Policy and Enforcement Branch. The Branch administers the Community Gaming Grants Program and determines which organizations will receive grants and the grant amounts, and makes grant payments to approved applicants. Grant recipients must meet specific criteria, be accountable for the funds they receive and comply with the Gaming Control Act, Gaming Control Regulation and conditions of the grant.

In 2000 the City entered into a *Host Financial Assistance Agreement* with the Province of BC for the receipt of 10% of net Provincial proceeds from the Grand Villa (Gateway) Casino in Burnaby. The Agreement specifies that the funds may be used for any purpose that would be of public benefit to the host communities.

On an annual basis, the City must report all receipts and expenditures electronically by January 31 for the period ending December 31 of the prior year.

4 RESPONSIBILITIES

- 4.01 Council is responsible for:
- Establishing policies, guidelines and criteria surrounding the use of gaming funds.
 - Approving annual disbursements from the Gaming Fund Reserve and the Operating Gaming Fund Budget.
- 4.02 The Director of Finance is responsible for:
- Administering this Policy through receiving and depositing community gaming grants in the Gaming Fund Reserve.
 - Inclusion of the prior years' annual interest earned on the Gaming Fund Reserve in the Annual Operating Financial Plan.
 - Ensuring any unspent annual interest funds made available to fund Operating expenditures are returned to the Operating Gaming Fund Reserve.
 - Reporting the use of gaming funds on an annual basis in accordance with the Host Financial Assistance Agreement.
 - Providing periodic reports on the balance within the Gaming Fund Reserve and the Operating Gaming Fund Reserve.
 - Making recommendations on the use of gaming funds.

5 REFERENCES

5.01 See Portal → Forms and Policies → City Policies → Finance Policies

6 GUIDELINES

6.01 Gaming Fund Receipts

Community gaming fund grants which are received via electronic transfer on a quarterly basis shall be posted to the Gaming Fund Reserve.

6.02 Gaming Fund Reserve Disbursements

Annual Gaming Fund Reserve disbursements shall be budgeted accordingly and approved by Council during the annual budgeting process.

There shall be sufficient gaming funds on hand to ensure completion of the proposed project.

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.

6.03 Gaming Fund Reserve Interest Usage

The Gaming Fund Reserve shall earn interest applicable to the annual yield on the City's consolidated investment portfolio as administered by the Treasury Division of the Finance Department.

The prior years' interest earned on the Gaming Fund Reserve shall be included in the Annual Operating Plan to fund one-time operating expenditure initiatives as approved by Council.

Any unused funds shall be returned to the Operating Gaming Fund Reserve.

6.04 Gaming Funds Usage and Reporting

In accordance with the Host Financial Assistance Agreement, on an annual basis, the Finance Department shall report all gaming fund receipts and expenditures by January 31 of each year, for the period ending December 31 of the prior year.