



TO: CHAIRS AND MEMBERS

DATE:

2020 March 04

FINANCIAL MANAGEMENT COMMITTEE

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

To: Financial Management Committee

From: Director Finance

#### 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.

To: Financial Management Committee

From: Director Finance

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**

	2	<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>		RAND TOTAL 2000-2019	 <u>0 Provisional</u> an Forecast
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 Interest	\$ \$	100,485,920 21,745,937	\$ \$	9,231,134 S 3,276,580 S	-	9,162,482 \$ 2,903,894	10,004,796	\$ 11,093,270	\$ 10,715,090 \$	11,015,359 \$	12,558,049 \$ -	,	\$ \$	186,158,614 27,926,411	\$ 11,500,000
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

<sup>\*</sup> Restated to report cash basis as per Host Local Government Revenue and Expenditure Report



# GAMING RESERVE 2019 SUMMARY OF REVENUES AND EXPENDITURES

Page	OPENING BALANCE	\$ 80,068,477.56
Casino Grant Received:	ADDITIONS TO GAMING RESERVE (Cash Basis)	
Page	· · · · · · · · · · · · · · · · · · ·	11,892,513.86
Community Grants Subtotal   Community Grant   CT Scanner   CT Scanne	TOTAL ADDITIONS	11,892,513.86
### PERATING EXPENDITURES ### Burnaby Hospital Foundation Grant - CT Scanner ###	EVENDITUES	, ,
Surnaby Hospital Foundation Grant - CT Scanner	EXPENDITURES	
Pestivals & Events Grants	OPERATING EXPENDITURES	<i>(</i> ,
Community Grants Subtotal   C1,176,250.0		· ·
Community Grants Subtotal         (1,176,250.00           Trans Mountain Pipeline         (259,579.77           Festivals/Special Events - Engineering Services         (256,616.3           Energy Performance Program         (200,000.0           Jograde & Assessments of Asbestos Containing Material         (193,081.3           Safety & Security Enhancements         (150,000.0           Community Safety Plan         (122,023.4           Circ Services Review         (100,000.0           Byrne Creek Dykes Study         (83,100.0           Festivals/Special Events - Police Services         (70,000.0           Righarian Monitoring         (53,943.8           Vater Conservation Program         (47,500.0           Rainbow Crosswalks         (33,400.0           Storage Boxes & Klosks Maintenance         (24,571.4           Accessibility Projects         (16,000.0           International Relations - Sister City         (9,561.9           Other Operating Expenditures         (1,620,558.1           Other Operating Expenditures         (2,796,808.1           COTAL OPERATING EXPENDITURES         (2,796,808.1           Service Centre - Laurel Street         (39,986.2           George Temporary Works Yard         (59,019.1           Safety and Security Enhancements in Park		· ·
Trans Mountain Pipeline         (259,579.7           Festivals/Special Events - Engineering Services         (256,616.3           Energy Performance Program         (200,000.0           Jograde & Assessments of Asbestos Containing Material         (193,081.3           Safety & Security Enhancements         (150,000.0           Community Safety Plan         (123,203.4           Fire Services Review         (100,000.0           Byrne Creek Dykes Study         (83,100.0           Festivals/Special Events - Police Services         (70,000.0           Riparian Monitoring         (53,943.8           Vater Conservation Program         (47,500.0           Rainbow Crosswalks         (33,400.0           Storage Boxes & Kiosks Maintenance         (24,571.4           Accessibility Projects         (16,000.0           Other Operating Expenditures         (1,620,558.1           COTAL OPERATING EXPENDITURES         (2,796,808.1           CAPITAL EXPENDITURES         (2,796,808.1           Carrier - Laurel Street         (3,399,648.2           Geder Temporary Works Yard         (59,914.8           Safety and Security Enhancements in Park         (397,869.0           Vater Conservation Devices         (173,030.8           Valuer Conservation Devices         (173,030.8	Anti-Graffiti Mural Grant Program	(6,000.00
Pestivals/Special Events - Engineering Services   (256,616.3	Community Grants Subtotal	(1,176,250.00
Pestivals/Special Events - Engineering Services   (256,616.3	Trans Mountain Pineline	(250 570 71
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