

TO: CHAIR AND MEMBERS
FINANCIAL MANAGEMENT COMMITTEE

DATE: 2021 April 14

FROM: DIRECTOR FINANCE

FILE: 7300-20

SUBJECT: GAMING RESERVE AND GAMING INTEREST RESERVE

PURPOSE: To provide information on the Gaming Reserve and Gaming Interest Reserve as at 2020 December 31.

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 for information on the 2020 year end status of the Gaming Reserve and the Gaming Interest Reserve in preparation of the annual return to the Province.

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
 - Communication –
Practice open and transparent communication among staff, Council and the community

3.0 BACKGROUND

Through the Host Financial Assistance Agreement with the Province of BC, the City receives ten percent (10%) of the net Provincial proceeds from the Grand Villa (Gateway Casino). The City uses these funds for Council approved initiatives of a one-time nature. The eligibility criteria for the 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 – 2020) provides a summary of the Gaming Reserve grants received and the expenditures made for the entire period of this Provincially funded program. Furthermore, a 2021 forecast based on operating initiatives and capital projects approved to utilize the Gaming Reserve, which is included in the 2021 – 2025 Financial Plan, has also been included on Attachment 1 for information purposes. As per the Host Financial Assistance Agreement, all grants received and expenditures made are to be reported back to the Province on a cash basis. This information will be reported to the Province by 2021 April 24.

Expenditures funded from the Gaming Reserve for 2020 totaled \$11,703,901, of which \$917,017 were operating expenditures and \$10,786,884 were capital expenditures. Attachment 2 provides the details of these expenditures. In 2020, the City budgeted to receive approximately \$11,500,000 in gaming grants from the Province. However, due to the closure of the Grand Villa Casino in response to the COVID-19 pandemic in 2020 March, the casino grants received in 2020 from the Province totaled \$5,342,091; \$3,159,708 for Q4 of 2019 and \$2,182,383 for Q1 of 2020. The balance of the Gaming Reserve at the end of 2020 was \$77,523,300.

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The following table provides the actual gaming grants received by the City for the past 5 years (2016 to 2020) compared to budget:

Year	Budget (\$)	Actual (\$)
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
2020	11,500,000	5,342,091

Due to the uncertainty of the Grand Villa Casino re-opening, the 2021 gaming grant budget has been reduced to \$3,250,000 in the 2021 – 2025 Financial Plan in anticipation that the casino will open for a quarter of the year in 2021.

At the end of each 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 \$2,679,269 in 2020. Operating expenditures funded by the Gaming Interest Reserve in 2020 amounted to \$806,360, leaving an ending balance of \$10,692,977. Attachment 3 provides details of these expenditures.

The Gaming Reserve and the Gaming Interest Reserve have sufficient funding available for capital and operating initiatives outlined in the 2021 – 2025 Financial Plan. These funding sources continue to allow the City to provide for programs and resources that would otherwise have to be funded from taxation increases.

4.0 RECOMMENDATION

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



Noreen Kassam, CPA, CGA
DIRECTOR FINANCE

NK:RG:WK/md:dg

Attachments: 1 – Gaming Reserve – Summary by (Year 2000 – 2020)
2 – Gaming Reserve – 2020 Summary of Revenue & Expenditures
3 – Gaming Interest Reserve – 2020 Summary of Revenue & Expenditures

Copied to: Acting City Manager

GAMING RESERVE - SUMMARY BY YEAR FROM 2000 TO 2020

	<u>2000 - 2012*</u>		<u>2013*</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>GRAND TOTAL</u> <u>2000-2020</u>	<u>2021 Forecast</u>
OPENING BALANCE	\$	-	\$ 61,294,974	\$ 54,277,918	\$ 57,105,601	\$ 65,895,366	\$ 75,937,826	\$ 84,176,063	\$ 80,068,477	\$ 83,885,110	-	\$ 77,523,300
ADDITIONS TO GAMING RESERVE												
Casino Grant Received	\$	109,717,053	\$ 9,162,482	\$ 10,004,796	\$ 11,093,270	\$ 10,715,090	\$ 11,015,359	\$ 12,558,049	\$ 11,892,514	\$ 5,342,091	\$ 191,500,705	\$ 3,250,000
Interest	\$	25,022,517	\$ 2,903,894	-	-	-	-	-	-	-	\$ 27,926,411	-
TOTAL ADDITIONS	\$	134,739,570	\$ 12,066,377	\$ 10,004,796	\$ 11,093,270	\$ 10,715,090	\$ 11,015,359	\$ 12,558,049	\$ 11,892,514	\$ 5,342,091	\$ 219,427,116	\$ 3,250,000
EXPENDITURES												
Capital Spending	\$	(66,132,045)	\$ (18,378,196)	\$ (6,560,086)	\$ (2,303,505)	\$ (672,630)	\$ (2,040,645)	\$ (15,568,539)	\$ (5,279,073)	\$ (10,786,884)	\$ (127,721,603)	\$ (30,161,000)
Operating Spending	\$	(7,312,551)	\$ (705,237)	\$ (617,027)	-	-	\$ (736,477)	\$ (1,097,096)	\$ (2,796,808)	\$ (917,017)	\$ (14,182,213)	\$ (4,432,500)
TOTAL EXPENDITURES	\$	(73,444,596)	\$ (19,083,433)	\$ (7,177,113)	\$ (2,303,505)	\$ (672,630)	\$ (2,777,122)	\$ (16,665,635)	\$ (8,075,881)	\$ (11,703,901)	\$ (141,903,816)	\$ (34,593,500)
ENDING BALANCE	\$	61,294,974	\$ 54,277,918	\$ 57,105,601	\$ 65,895,366	\$ 75,937,826	\$ 84,176,063	\$ 80,068,477	\$ 83,885,110	\$ 77,523,300	\$ 77,523,300	\$ 46,179,800

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

2020 SUMMARY OF GAMING RESERVE REVENUES AND EXPENDITURES

OPENING BALANCE	\$ 83,885,110
ADDITIONS TO GAMING RESERVE (Cash Basis)	
Casino Grant Received:	5,342,091
TOTAL ADDITIONS	5,342,091
EXPENDITURES	
OPERATING EXPENDITURES	
Festivals & Events Grants	(12,150)
Anti-Graffiti Mural Grant Program	(8,000)
Community Grants Subtotal	(20,150)
Asbestos Management Program Upgrade for Pre-1990 City-Owned Buildings	(220,000)
Safety & Security Enhancements in Parks	(150,000)
Burnaby Mountain Clubhouse - Safety Upgrades	(100,000)
Lougheed-Brentwood Beautification	(94,000)
Energy Performance Program	(71,521)
Trans Mountain Pipeline	(68,552)
Byrne Creek Dyke Study	(67,399)
Water Conservation Measures	(45,019)
Storage Boxes and Kiosks Maintenance	(24,740)
Anti-Graffiti Wrap Program	(12,200)
Chinese Canadian History in Burnaby Project	(11,480)
Burnaby Village Museum Ice Cream Parlour - Awning Repair and Restoration	(10,750)
Accessibility Projects	(7,670)
Heritage Program	(7,093)
Festivals/Special Events - Engineering Services	(2,972)
Festivals/Special Events - Police Services	(2,409)
Indigenous Educator	(671)
International Relations - Sister City	(391)
Other Operating Expenditures	(896,867)
TOTAL OPERATING EXPENDITURES	(917,017)
CAPITAL EXPENDITURES	
Service Centre - Laurel Street	(8,631,360)
Public & Civic Facilities - Electric Vehicle Charging Infrastructure	(420,968)
Burnaby Lake Pavilion Repurpose Spectator Area	(411,335)
City Buildings - Heritage & Cultural	(203,806)
Water Conservation Devices	(158,080)
RCMP Drug Processing Facility Study & Construction	(143,602)
Norland Works Yard Modernization	(128,856)
Accessibility Improvements	(122,100)
Eagles Estate Landscaping Restoration	(98,665)
Video Security & Monitoring Systems	(96,155)
Fire Dispatch Centre Relocation	(87,244)
Burnaby Green Recycling of Organic Waste (BurnabyGROW) Facility	(77,618)
North Road Median Enhancement	(62,886)
Lougheed-Brentwood Beautification	(54,705)
Safety and Security Enhancements	(35,339)
Security Equipment Replacement & Expansion	(28,667)
City Buildings - Access Projects	(25,498)
TOTAL CAPITAL EXPENDITURES	(10,786,884)
ENDING BALANCE	\$ 77,523,300

2020 SUMMARY OF GAMING INTEREST RESERVE REVENUES AND EXPENDITURES

OPENING BALANCE	8,820,068
ADDITIONS TO GAMING INTEREST RESERVE	
Interest Earned	2,679,269
TOTAL ADDITIONS	2,679,269
EXPENDITURES	
OPERATING EXPENDITURES	
Invasive Species Management	(200,000)
Forestry Programs	(199,491)
Public Art Acquisitions	(160,000)
Burnaby Lake Rowing Course Weed Management Contract	(148,851)
Website Refresh	(39,512)
Pedestrian Bridge Cleaning	(27,975)
Burnaby Blues + Roots Festival (Festivals Burnaby)	(25,000)
Burnaby Annual Halloween Festival	(4,442)
Community Safety Plan	(1,034)
Security Clearing for Crime Prevention Through Environmental Design	(55)
TOTAL EXPENDITURES	(806,360)
ENDING BALANCE AT 2020 YEAR END	10,692,977