

FINANCIAL MANAGEMENT COMMITTEE

TO: MAYOR AND COUNCILLORS

SUBJECT: RESERVES UPDATES

RECOMMENDATION:

THAT the creation of a non-statutory, non-interest-bearing, Burnaby Mountain Safety Reserve, as outlined in the report titled “Reserves Updates” dated July 15, 2025, of the Financial Management Committee meeting, be authorized;

THAT staff be authorized to hire the two temporary staff resources required to begin planning and coordination of the proposed Burnaby Mountain Emergency Exercise;

THAT the consolidation of the Gaming and Operating Gaming (Interest) Reserves be authorized; and

THAT the closure of Deer Lake Tenant Improvement Reserve with the remaining balance of funds transferred to the Capital Asset Works Financing Reserve Fund (CAWFF), be authorized.

REPORT

The Financial Management Committee, at its meeting held on July 15, 2025, received and adopted the attached report seeking Council authorization to establish new reserves, authorize a transfer between capital reserve funds, and to consolidate the gaming and operating gaming (interest) reserves.

On behalf of the Financial Management
Committee,

Councillor S. Dhaliwal
Chair

Councillor A. Gu
Vice Chair

TO: FINANCIAL MANAGEMENT COMMITTEE (FMC)
FROM: DEPUTY CHIEF ADMINISTRATIVE OFFICER AND CHIEF FINANCIAL OFFICER
SUBJECT: **RESERVES UPDATES**
PURPOSE: To establish new reserves, authorize a transfer between capital reserve funds, and to consolidate the gaming and operating gaming (interest) reserves.

RECOMMENDATION

THAT the creation of a non-statutory, non-interest-bearing, Burnaby Mountain Safety Reserve, be authorized;

THAT staff be authorized to hire the two temporary staff resources required to begin planning and coordination of the proposed Burnaby Mountain Emergency Exercise;

THAT the consolidation of the Gaming and Operating Gaming (Interest) Reserves be authorized; and

THAT the closure of Deer Lake Tenant Improvement Reserve with the remaining balance of funds transferred to the Capital Asset Works Financing Reserve Fund (CAWFF) be authorized.

1.0 POLICY SECTION

The proposed reserves, reserve amalgamations, and clarifications of their uses are in alignment with the following legislation, agreements, and policies including:

- *Community Charter*
- Reserve Funds and Reserves Reference Guide (2024)
- Host Financial Assistance Agreement (2008, Gaming)
- Community Contribution Agreement (2024, Burnaby Mountain Safety)

2.0 BACKGROUND

This report provides the information required to support the creation of new Burnaby Mountain Safety Reserve, the consolidation of the Gaming and Operating Gaming (Interest) Reserves and the closure of the Deer Lake Tenant Improvement Reserve.

3.0 GENERAL INFORMATION

3.1 Burnaby Mountain Safety Reserve

3.1.1 History

In recognition of the completion of the Trans Mountain Expansion Project and an increased need for cooperation on planning and safety, on September 27th, 2024, the City of Burnaby entered into a 21 year agreement with Trans Mountain Corporation (Trans Mountain). Through this agreement, the City will receive the financial contributions outlined below from Trans Mountain.

Installment	Payment	Payment Date
1	\$ 5,000,000	September 27, 2024 (Agreement Effective Date)
2	\$ 5,000,000	December 31, 2025
3	\$ 5,000,000	December 31, 2026
4-20	\$ 300,000/year	December 31, 2027 to 2043
Total	\$20,100,000	

3.1.2 Eligible Costs

The payments from Trans Mountain are to be used to support emergency planning and the additional safety, infrastructure, and park projects or programs.

The following table outlines the proposed use of funds, over the period of the agreement. The respective portion of the expenditure has been included in the approved 2025-2029 Financial Plan accordingly:

Proposed Use of Funds	Additional Details	Allocation of Funds
Hazardous Materials Response Unit	This vehicle expands the City's ability to monitor the outfall of toxic airborne substances from hydrocarbon facilities and is a critical component in the city's response to the changing risk on Burnaby Mountain.	\$3.4M
Turn Out Gear - Perfluoroalkyl & Polyfluoroalkyl Substances Free (PFAS)	Transitioning to PFAS free gear will increase firefighter safety by reducing exposure to potential cancer-causing chemicals.	\$1.7M
Fire Station 8 Operating Costs (portion not already funded by other external grant)	Fire Station 8 (Burnaby Mountain) will improve response time and coverage during fire emergencies, ensuring the well-being and safety of the community.	\$10.6M
SFU Alternate Access Route	Provides a route on Burnaby Mountain which is designed to allow downhill movement for users and ambulances, with pull-out areas.	\$2.4M
Burnaby Mountain Emergency Exercises	Support for collaboration with Trans Mountain and other parties to prepare for potential emergency situations.	\$2.0M
Total		\$20.1M

3.1.3 Reporting Requirements

As per the agreement with Trans Mountain, on or before February 28th of any year, the City must provide a report which outlines the previous year's use of funds. The initial payment of \$5M was received in 2024, and a letter (Attachment 1) was sent to Trans Mountain prior to the February 28th deadline communicating that the funding provided in the previous year had not been utilized and was pending Council approval through the budget process on the use of the funds.

3.1.4 Reserve Creation

Financial contributions received from Trans Mountain are proposed to be administered through a new non-statutory reserve, called Burnaby Mountain Safety Reserve. In doing so, the City can better track the monies received against approved expenditures as per the agreement with Trans Mountain. Furthermore, this reserve shall be non-interest bearing, meaning that any interest earned on unused funds will be deposited to the General Revenue Fund rather than the Burnaby Mountain Safety Reserve.

3.1.5 Burnaby Mountain Emergency Exercise – Temporary (TFT) Staff Resources

To successfully plan and execute the full-scale Burnaby Mountain Emergency Exercise, a significant level of effort is required across the organization to begin pre-planning for the event which is proposed to take place in 2027. Please refer to Attachment 2 for the Council resolution to allow staff to proceed with the emergency exercise due to the risk assessment associated to the Trans Mountain Expansion Project. Currently, the City's Risk Management and Emergency Planning division does not have the capacity to carry out these planning activities. Therefore, staff is requesting Council approval to begin the immediate hiring of two additional temporary staff resources, specifically Emergency Management Assistant Coordinators, to begin the planning process of the event. One position will be tasked with coordinating and delivering the emergency management training and exercise program. The second position will be tasked with reviewing and aligning the City's plans, frameworks, guidelines and toolkits for legislative compliance and standard operating procedure alignment. These two positions are not included in the approved 2025 – 2029 Financial Plan however is planned within the \$2.0M allocation as identified in the table above. The annual cost of the two positions is approximately \$168K with a total duration of two years. A Council report providing a more comprehensive /update on the full-scale exercise will be provided at a future date.

3.2 Consolidation of the Gaming & Operating Gaming (Interest) Reserves

3.2.1 History

In 2000, the City of Burnaby (City) entered a "Host Financial Assistance Agreement" with the Province of BC. Through this agreement, Burnaby receives 10% of the net Provincial proceeds from the Grand Villa (Gateway) Casino. These funds are deposited into the City's Gaming Reserve and are used to fund Council-approved initiatives of a one-time nature, namely:

- Capital expenditures; and/or
- Operating projects that serve to protect or improve Burnaby's environment including beautification, heritage, public safety, international relations, or arts and culture.

After 2013, Council approved transferring the total annual interest income earned on the balance of the Gaming Reserve to the new Operating Gaming (Interest) Reserve. These funds would be used for priority one-time operating projects as determined by Council.

Council reviews and approves all operating expenditures and capital project initiatives funded by the Gaming and Operating Gaming (Interest) Reserves annually prior to inclusion in the Financial Plan.

3.2.2 Proposal to Consolidate the Reserves

The use of investment income earned on the gaming funds to support one-time operating initiatives is an integral aspect of the City's strategy to limit what would otherwise require increases to property taxation. However, in recent years, the Gaming Reserve has been utilized to a greater extent and as a result, its forecasted investment income has been declining. Looking forward, the reduced investment income is insufficient to meaningfully support the need for two separate reserves. To illustrate this further, the table below provides the declining investment income transferred to the Operating Gaming (Interest) Reserve. The five-year average spend from the reserve has been approximately \$2.5M.

Year	Investment Income Contributions (\$ Millions)
2020	\$2.7M
2021	\$1.7M
2022	\$1.0M
2023	\$0.7M
2024	\$0.5M

To continue supporting one-time operating programs that would traditionally be funded by the Operating Gaming (Interest) Reserve, during the 2025 budget process, it was proposed that the Operating Gaming (Interest) Reserve be consolidated with the Gaming Reserve.

With the consolidation of the reserves, the process in which funding from the reserve will remain the same. During each annual financial planning cycle, a list of requests to be funded from the single Gaming Reserve will be brought forward to Council for consideration and approval. During the 2025 – 2029 financial planning process, all respective expenditures were approved with the intent of combining both the gaming reserve and gaming interest reserve. This report requests formal approval for combining the respective reserves.

3.3 Deer Lake Tenant Improvement Reserve

3.3.1 History

In 2007, Council approved the creation of the Deer Lake Tenant Improvement Reserve (non-statutory) and was funded with an initial transfer of \$3.0M from the City's Capital Asset Works Financing Reserve Fund (CAWFF).

The purpose of the reserve was to fund commercial tenant improvements at the Deer Lake Centre under a "direct-financing lease". The intent was to provide a tenant improvement allowance for potential commercial tenants to incentivize leasing office space at the Deer Lake Centre from the City. Tenants were responsible for any improvements in excess of the allowance amount.

3.3.2 Proposal to Close Out the Reserve

Over the past 10 years, there has been limited usage of the Deer Lake Tenant Improvement Reserve with approximately \$0.7M of funds used during this time frame. The minimal spend is due to CAWFF continuing to be used for tenant improvements. Therefore, staff are recommending having the reserve closed with the remaining balance of approximately \$4.9M transferred to the City's CAWFF Reserve Fund, where the funds initially came from. If funds are required in the future for any further tenant improvements at the Deer Lake Centre, then these requests will be identified through the annual budget process for Council consideration with the funding source from CAWFF.

4.0 COMMUNICATION AND COMMUNITY ENGAGEMENT

Not applicable.

5.0 FINANCIAL CONSIDERATIONS

Not Applicable.

Respectfully submitted,

Noreen Kassam, Deputy Chief Administrative Officer and Chief Financial Officer

ATTACHMENTS

Attachment 1 - Trans Mountain Community Contribution Agreement Report Letter

Attachment 2 - Burnaby Mountain Emergency Exercise Resolution: No. C2024-058

REPORT CONTRIBUTORS

This report was prepared by Geoff Mooney, Finance Functional Lead, and reviewed by Ratan Grewal, Deputy General Manager Finance and Wilson Kwan, Director Budgets and Reporting.