

**Report from** Financial Management Services, Director

**Date of Report:** March 6, 2018

**Date of Meeting:** March 21, 2018

**Report Number:** FMS-B013-2018

**File:** 10.57.10

**Subject:** 2017 Year End Report and Reserve Update

## Recommendation

That the Budget Standing Committee (BSC) receive this report on the City's 2017 Year End Position and Reserves and Reserve funds for information purposes and further;

That the BSC approve the allocations to the following reserves using portions of the 2017 year end surplus:

- Tax Stabilization Reserve - \$260,788
- Winter Control Reserve - \$150,000
- Litigation/Insurance Reserve - \$100,000
- Election Reserve - \$77,000

That BSC authorize staff to enter into negotiations with The Regional Municipality of Niagara for the purpose of a shared services agreement for the development of a revenue generation strategy; and

That BSC approve the allocation from the 2017 year end surplus an amount of up to \$75,000, to fund the City's portion, towards the development of a sponsorship and advertising revenue generation strategy by a third party; and further

That this report be forwarded to Council for authorization and adoption.

## Background

Scheduled delivery of year-to-date financial information, often referred to as a variance report, is aligned with the Corporation's fiscal year (January 01 to December 31) and is delivered on a quarterly basis. These reports are intended to provide the committee with information and details pertaining to the Operating Budget performance.

As the 2018 Operating Budget was passed by Council on December 18, 2017 the information contained within this report is to advise the Budget Standing Committee of the City's 2017 final figures and financial year-end position. It is important to note that while all of our 2017 transactions have now closed, the numbers for the year are still subject to an annual audit. Figures are only truly finalized once this assessment has been completed.

In addition, based on the City's positive year end position, Staff are making recommendations on the allocation of this surplus, beyond what is required for 2018 budget allocation of \$1.1 million.

## **Report**

### **2017 Year End Results**

The figures presented in Appendix 1 demonstrate the City's 2017 actual results and identify how departments aligned with their expenditure budgets. When combined, these numbers determine how the City positioned overall for the fiscal year.

All departments have been requested to comment on their overall financial position for 2017, regardless of their final expenditure figures. These details help to understand the 2017 departmental challenges and accomplishments and are included with the variance information in Appendix 1 attached.

As of December 31, 2017, the City's Total Expenditure Budget (including Boards and Commissions) for 2017 is 99.33% with the year complete. Revenues trended favourably for 2017. Overall the year end has resulted in an estimated surplus of \$1,764,788, of which \$1,102,000 has been committed to the 2018 operating budget. This leaves a favourable variance of \$662,788 to be allocated to City reserves.

Further identified in Appendix 1, there were a number of factors that contributed to this positive position. Staff vacancies during the year prevailed throughout many departments leading to positive variances. Once filled, often entrants begin at the lower rate, or in the cases of contracts do not require pension or extended health benefits.

Another factor contributing to the surplus was unanticipated revenues which positively influenced the final figures for a few of our departments. Most notably, the FirstOntario Performing Arts Centre found increased success over 2016 in their sponsorship and advertising revenue, production revenue and rental revenue.

As mentioned in the third quarter variance report, tax appeals and write-offs end the year over budget by approximately \$518,000. With 2017 being the first year of a four-year reassessment period this type of overage is not uncommon. This negative variance has been positively offset with additional supplemental tax revenues of \$461,000. Other positive year end variances relate to building permits, dividends and interest income. As provincially legislated building permit revenues in excess of direct and indirect costs of \$687,000 have been transferred to the building code reserve fund. Dividend and interest income exceeded budget by \$637,000 largely due to the interest rate increases that occurred during 2017. These positive variances were offset by unfavourable variances related to penalty and interest on tax arrears being under budget by

\$133,000, POA fine revenue being under budget by \$83,000 and Payment-in-lieu revenues being under budget by \$61,000.

### **Reserve and Reserve Funds**

The City has a number of established discretionary and obligatory reserves and reserve funds. More specific details on all reserve and reserve funds, as well as current balance as of December 31, 2017, are included for the BSC's information in Appendix 2. Staff are not recommending the creation of any new reserve funds related to the 2017 year end results.

### **Parking Reserve Fund**

Appendix 3 has details regarding the Parking Reserve Fund which was included in the 2018 Operating Budget – Parking Meter Reserve Summary. The fiscal year 2017 ends with unfavourable results of \$622,000, largely due to the acquisition of the Raymond Street parking lot. The balance of this reserve is \$1,119,229, at December 31, 2017.

### **Civic Project Fund (CPF) Reserve**

At its September 25, 2017 meeting Council approved the following motion:

*That Council direct staff to prepare a report regarding the purpose of the Civic Project fund, providing a complete refresher including why the fund was developed, policies, target amounts, guidelines, and accumulated interest on an annual basis.*

In March 2005, St. Catharines Hydro Inc. merged with Hamilton Utility Corporation to form Horizon Utilities Corporation and the City received \$39.823 million in proceeds comprising \$8.7 million of recapitalization dividends and \$21.123 million repayment of promissory notes (2005 - \$19.123 million, 2008 - \$2 million). All merger proceeds were transferred to the newly established CPF.

Since inception, CPF has funded community projects, and external cultural and community improvement initiatives. This mandate includes the funding of significant new facilities construction and purchases. In 2006 an internal 20 year loan for \$9.8 million to fund the Seymour Hannah Complex was provided from the CPF, rather than issuing debentures with similar terms. The target for the CPF has been set at 10% of net City assets. Based on 2016 audited statements results in a target of \$71.0 million (2015 - \$71.0 million). The 2017 yearend balance represents 12.8% of the targeted balance.

The establishment and operation of the CPF complies with the Municipal Act and the contributions to and from the reserve since its inception have been approved by Council either within the annual budget process or in separate reports to Council.

Since its inception, until the end of 2017 the reserve has earned investment income of \$11.1 million and funded more than \$8.8 million of ongoing operating expenditures. The

CPF earns interest income on its fund balance, from both an internal loan, at a fixed rate of 5.354%, and the remaining CPF balance at a variable rate linked to prime rates. The \$8.8 million of expenditures includes \$5.4 million of interest earned from CPF and redirected to the operating fund. Initially this annual allocation was intended to stabilize the operating budgets, as the 2005 operating budget included \$2.2 million of income from St Catharines Hydro the support in the operating budget from the CPF has been reduced. The reserve has also provided over \$34 million of funding for one time projects, including the Performing Arts Centre and the Meridian Centre. A summary of the reserve activity is attached in Appendix 4.

### **Allocation to Reserves**

With the positive 2017 year end results, staff are recommending the following reserve allocations:

- Tax Stabilization Reserve - \$260,788 – to replace the funds used to support the 2018 operating budget one-time expenditures.
- Winter Control Reserve - \$150,000 – this amount would double the current reserve balance and represent a 12.5% of the targeted balance for this reserve
- Litigation/Insurance Reserve - \$100,000 – as there continue to be potential litigation matters related to the OMB planning matters, continuing to fund this reserve is important.
- Election Reserve - \$77,000 – the 2018 election budget fully utilized the existing election reserve budget. It is estimated that the municipal election held every four years will cost the City approximately \$500,000. With this allocation the annual allocation in each of the next four years (2019 to 2022) could be reduced to \$105,750 from \$125,000.

Total reserve allocations total \$587,788.

### **Development of a Revenue Generation Strategy by a third party**

To realize maximum revenue from all available sponsorship and advertising opportunities the development of a Revenue Generation Strategy by a third party is recommended and would include the following main elements, further described below:

1. Inventory and valuation of revenue generation opportunities
2. Execution structure recommendation

In addition, a review of the City's Sponsorship and Advertising Policy and any recommended amendments would be included to ensure alignment and relevance to the newly established inventory and valuation. The estimated cost for this work for the City is \$75,000, which staff are recommending be funded through a portion of the 2017 year end surplus.

### **Inventory and valuation of revenue generation opportunities**

An inventory and valuation of the City's sponsorship and advertising revenue generation opportunities would provide the required information to package and solicit sales that maximize revenue potential. Developing an inventory of opportunities and their individual and cumulative value requires expertise; once complete valuation inventory is expected to be relevant for 5-8 years and easily updated from this baseline.

### **Execution structure recommendation**

Industry experts identify a number of considerations in structuring how revenue generation opportunities are executed; these factors are distinct to each organization's internal and external environment. The two main structures that exist are internal dedicated and specialized staff; and an external professional organization; both require internal resources(s) to manage the process and fulfill the terms of the agreements. A recommendation on the most efficient and effective structure for St. Catharines, considering the existing internal staff structure and the external market would be provided for Council's consideration of implementation.

### **Revenue Generation Strategy development**

Through staff discussions, the Niagara Region has expressed interest in partnering with a lower tier municipal lead on revenue generation strategy development and execution. Further, they have confirmed their interest in a shared services arrangement with the City of St. Catharines along with a financial contribution of \$25,000.

Shared costs in funding the development of a Revenue Generation Strategy could be approached using the proportional number of expected opportunities for the City and the Region. A cursory review of proportion of opportunities if pursued with the Region, estimates the City at approximately 75% of expected opportunities and the Region at approximately 25%. These estimates would be further validated if a shared services agreement is pursued.

Economies of scale are expected in procuring a consultant for this service, given the physical proximity and similar opportunities, providing more return on investment to the City for the funding allocated.

### **Sales execution structure**

Partnership on the execution of the Revenue Generation Strategy, once developed, is also of interest to the Region.

This potential shared services arrangement is appropriate for the Region, as their opportunities are more limited than the City, which reduces feasibility for them to establish an internal execution structure and limits attractiveness for an external party to bid on execution. For these reasons, a partnership with the Region is also expected to

provide economies for the City's execution structure, increasing effectiveness and attractiveness for either an internal or external execution structure, respectively. A decision on shared services for sales execution should follow the ideal structure recommended by a third party consultant, which is a deliverable within the Revenue Generation Strategy RFP. A recommendation would follow to the BSC and/or Council at that stage.

## **Financial Implications**

This report is financial in nature with details throughout. The year end balances of the City's current reserves and reserve funds are provided in Appendix 2.

## **Relationship to Strategic Plan**

Economic Sustainability is further enhanced with variance and year-end reporting to the BSC.

With these financial controls in place it improves the City's ability manage escalating costs and challenges associated with City operations and services. These reports are a valuable tool to help the City make decisions to keep the City affordable and benefit residents of all ages.

### **Prepared by:**

Robyn Shearer, Accounting and Budget Clerk

### **Submitted by:**

M. Kreuk, Manager Budgets and Capital

### **Approved by:**

Kristine Douglas, Director, Financial Management Services/City Treasurer

### **Attachments:**

Appendix 1 – 2017 Operating Expenditure Variance as at Dec 31, 2017

Appendix 2 – Year End Reserve Balances

Appendix 3 – Parking Reserve

Appendix 4 – Civic Project Fund – Summary of Activity 2005 to Present

**City of St. Catharines - 2017 Operating Expenditure Variance**  
**As of December 31, 2017 - 100% of Year**

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	Dec 2017 Actuals	2017 Budget	% Used	Variance	Comments
Office of Mayor and Members of Council	\$697,084	\$706,257	98.70%	\$9,173	Regional reimbursements made for Mayoral conferences / conventions in 2017. Decreased participation in conferences / conventions for Members of Council also contributed to savings.
Grants and Committees	3,450	5,000	69.00%	1,550	Decrease in Accessibility Committee Q4 expenditures.
<b>City Departments</b>					
CAO	1,409,205	1,267,481	111.18%	-141,724	Changes in CAO position and Commissioner model in the transition period to current structure contributed to an overage.
Legal Services and Clerks	2,018,080	1,972,067	102.33%	-46,013	Slight overage due to loss of City lawyer, leading to an increased use of outside litigation assistance and a larger number of OMB hearings in 2017. Election software program costs slightly higher than expected.
Planning and Building Services	3,863,824	3,859,313	100.12%	-4,511	In line with budget.
Fire Services	24,589,258	24,338,181	101.03%	-251,077	Several personnel off for sick time; minimum staffing levels must be maintained to cover for regular vacation, holidays and parental leaves. These factors all contributed to an overage on the sick pay and overtime budget lines and resulted in regular wages coming in under budget for 2017.
710.100.001 Salaries/Wages-Regular	15,303,359	16,781,490	91.19%	1,478,131	
710.100.002 Salaries/Wages-Overtime	1,645,443	880,098	186.96%	-765,345	
710.100.006 Sick Pay	1,095,265	640,003	171.13%	-455,262	
Economic Development and Tourism	895,871	1,010,207	88.68%	114,336	Variance due to an unexpected increase in provincial contributions, and wage gapping for a temporary vacancy and the project expeditor in Fall 2017.
<b>Operations Commission</b>					
Transportation and Environmental Services	18,172,290	18,844,317	96.43%	672,027	Variance is a result of labour and contract savings found in environmental monitoring, signals, street signs, street cleaning and sidewalk expenses. The Crossing Guard Program is also in transition, undergoing some process / restructuring changes which has already resulted in savings. Administration savings also contributed to the variance with unexpected retirement of the Commissioner of Operations.
Parks, Recreation and Culture Services	15,878,742	16,430,187	96.64%	551,445	The key driver of the PRCS variance is full time and contract staffing vacancies. These staffing vacancies include multiple cost centres and includes the unexpected retirement of the Commissioner of Operations. The unexpected closure of the Kiwanis Aquatics Centre also contributed to the positive year end position for the department.
Meridian Centre	779,649	661,548	117.85%	-118,101	Variance due reduced revenues in club seats and advertising and City Community Engagement costs related to the Scotties Tournament of Hearts in February 2017.
First Ontario Performing Arts Centre	1,424,455	1,510,609	94.30%	86,154	Variance a result of increased revenues in sponsorships, advertising and rentals.

**City of St. Catharines - 2017 Operating Expenditure Variance**  
**As of December 31, 2017 - 100% of Year**

	<b>Dec 2017 Actuals</b>	<b>2017 Budget</b>	<b>% Used</b>	<b>Variance</b>	<b>Comments</b>
<b>Corporate Services Commission</b>					
Financial Management Services	4,008,150	4,053,830	98.87%	45,680	In line with budget; slight variance due to gapping in staff salaries.
Corporate Support Services	5,361,181	5,394,008	99.39%	32,827	In line with 2017 budget. Minor savings realized in service contracts and removal of some fax and phone lines and negotiation of favourable pricing.
Contribution to Capital	1,545,000	1,529,000	101.05%	-16,000	In line with budget
<b>Total City Departments and Commissions</b>	<b>\$80,646,239</b>	<b>\$81,582,005</b>	<b>98.85%</b>	<b>\$935,766</b>	
Debt Repayment	12,568,258	12,461,990	100.85%	-106,268	
<b>Total City Expenditures</b>	<b>\$93,214,497</b>	<b>\$94,043,995</b>	<b>99.12%</b>	<b>\$829,498</b>	
<b>Boards and Commissions</b>					
Library Board	\$5,491,200	\$5,491,200	100.00%	\$0	City contribution at 100% with library expenses in line with budget.
Transit Commission	10,554,233	10,467,726	100.83%	-86,507	Forecasts showed a slight overage due to escalating gas prices in Q3 and an HVAC failure at the downtown terminal requiring an unbudgeted replacement. This figure is unaudited and will be further examined with the year end statements.
Niagara District Airport	207,853	207,853	100.00%	0	City contributions at 100%.
<b>Total Expenditures</b>	<b>\$109,467,783</b>	<b>\$110,210,774</b>	<b>99.33%</b>	<b>\$742,991</b>	



Reserve Name	Purpose	Revenues	Expenditures	Balance as at December 31, 2017	Targeted Balance	Basis for Targeted Balance
Accumulated Sick Leave	IAPFF Local 485 employees can accumulate unused sick leave which could be taken as cash on termination	- Annual operating budget contribution	- Sick leave paid out upon termination/retirement for eligible employees	\$ 2,992,570	\$ 6,010,224	\$7,714,000 - Fifty percent of the estimated accumulated sick leave plan deficit at December 31, 2016 \$6,010,224
Fire Equipment Replacement	Replacement of major equipment	- Annual operating budget contribution - Gain on disposition of major fire fighting equipment - Proceeds on disposition of major fire fighting equipment	- Purchase of major fire fighting equipment	\$ 1,304,544	\$ 6,105,940	- Maximum balance of 75% estimated replacement cost of major fire fighting equipment Estimated replacement cost at December 31, 2017: \$12,211,880 x 75% = \$9,158,910
Motor Vehicle Replacement	Replacement of major equipment	- Annual operating budget contribution - Gain on disposition of motor vehicle equipment - Proceeds on disposition of motor vehicle equipment	- Purchase of motor vehicle equipment	\$ 7,289,877	\$ 10,967,651	- Maximum balance of 50% of total estimated replacement cost of motor vehicle equipment owned by the City Estimated replacement cost as at December 31, 2017: \$14,623,534 x 75% = \$10,967,651
Encumbrances	Fund unliquidated encumbrances or commitments	- Annual operating budget contribution - Annual water and wastewater budget contribution	- Obligations that were included as part of the operating or water and wastewater budget for which payment is outstanding at year end.	\$ 16,033,119	N/A	Fluctuates as Balance is dependent on obligations for which payment is outstanding at year end

# City of St. Catharines - Reserves and Reserve Funds

Reserve Name	Purpose	Revenues	Expenditures	Balance as at December 31, 2017	Targeted Balance	Basis for Targeted Balance
Building Improvement	Provide for commitments to building improvement projects	- Annual operating budget contribution - Grants/rebates on building improvement expenditures	- Building improvement projects	\$ 1,900,563	\$ 45,700,000	- Maximum balance of 10% of total estimated replacement cost of buildings owned by the City  Estimated replacement cost as at December 31, 2017: \$457,000,000 x 10% = \$45,700,000
Cemetery	Net cemetery activity to be used for capital items	- Transfer of annual net cemetery revenues - Surcharges on cemetery transactions	- Capital items used in cemetery operations	\$ 29,842	\$ 328,125	- Maximum balance of 25% of annual Cemetery revenues  2017 budgeted Cemetery revenues: \$1,312,500 x 25% = \$328,125
Community Improvement Plan Reserve	To fund the City Community Improvement Plan	-Annual operating budget contribution	-Council Approved CIP projects	\$ 4,745,190		No upper limit as this program is paid out over a several years (3, 5 or 10).
Hydro Funds	One time hydro funding source	-One time special dividend received from Hydro	-Operating Budget support	\$ 4,300,000	- N/A - One-time funding	- N/A - One-time funding. Usage to be determined by Council
Infrastructure Levy Reserve	Infrastructure Levy to support capital projects to address infrastructure gap	-1% annual tax levy	-as per Infrastructure levy policy	\$ 1,312,064	-No upper funding level as infrastructure gap is significant	-No upper funding level as infrastructure gap is significant
Winter Control	Fund potential shortfalls in the winter control budget due to higher than anticipated incidents of inclement weather	- Transfer of annual winter control surplus (if any)	- Transfer to cover annual winter control deficit (if any)	\$ 150,000	\$ 2,407,134	- Maximum balance equating to 100% of the previous five year rolling average of Winter Control Program expenditures - Rolling average for 2013 to 2017 \$2,407,134 - Target Balance should be updated annually to the current rolling average of program expenditures
Tax Rate Stabilization Reserve	Minimize the fluctuation of tax rate increases due to extraordinary or unforeseen events. Provides an alternative to raising total tax levies	- Annual operating budget contribution - Transfer of annual operating budget surplus	- Annual operating budget contribution - Unforeseen expenditures that may occur - Unbudgeted/new expenditures	\$ 450,000	\$ 9,782,304	- Maximum balance of 5% to 10% of annual total tax levies.  2017 budgeted tax levies: \$97,823,039 x 10% (maximum) = \$9,782,304

## City of St. Catharines - Reserves and Reserve Funds

Reserve Name	Purpose	Revenues	Expenditures	Balance as at December 31, 2017	Targeted Balance	Basis for Targeted Balance
FirstOntario Performing Arts Centre - Capital Sustainability Reserve	To offset the capital needs of the PAC for the next 25 years to ensure that the building remains in good status with modern equipment without tax base support or debt financing	- \$2 surcharge added to each ticket sold at the PAC	- Capital items used in PAC operations (replacement of existing capital and/or upgrades) - Unforeseen or unbudgeted/new expenditures	\$ 105,607	\$ 6,075,000	- Maximum balance of 10% of total estimated replacement cost of PAC  the Project Budget for the PAC: \$60,757,101 x 10% = \$6,075,710
Election Reserve	To fund the cost of the municipal election	- Annual operating budget contribution equal to 25% of anticipated election costs	- election expenses in election year	\$ 400,000	\$500,000	-Target Balance represents the cost of the municipal election which occurs every four years.
Litigation/Insurance Reserve	To fund "unknown matters" and to provide additional amounts to pay legal expenses and damages below City's deductible.	- Unspent funds in the City's Legal and Court Cost; and Self-Insurance expenditures '-allocations from year end surplus	-unknown litigation matters and legal cost and damages below City's insurance premium deductible	\$ 351,746	\$470,000	-Target balance represents approximately 50% of the annual self-insurance; and legal & court cost expenditures.
Meridian Centre Capital Reserve	To fund capital replacements and upgrades	- Surplus funds from annual operating budgets	-capital expenses based on capital plan approved as part of the City's annual capital upgrade program	\$ 59,588	\$ 5,431,514	- Maximum balance of 10% of net facility assets. Net facility assets as at December 31, 2017: \$54,315,138 x 10% = \$5,431,514
Meridian Centre Event Fund Reserve	To support events that have significant benefit to the community and create additional revenue generating potential	- Surplus funds from annual operating budgets '-Portion of additional revenues generated from events that this fund was used to support	-capital or other expenses related to the attraction of events to the facility, subject to approve of the Governance Committee	\$ 50,000	\$ 150,000	-\$150,000 for event fund portion.
Sewer Capital Reserve	To support wastewater capital needs	-annual net wastewater account activity	-wastewater capital improvements	\$ 460,478	\$ 32,800,000	Upper limit based on 4% of the current estimated wastewater replacement value of \$820M.
<b>TOTAL</b>				<b>\$ 41,935,188</b>		

## City of St. Catharines - Reserves and Reserve Funds

Reserve Name	Purpose	Revenues	Expenditures	Balance as at December 31, 2017	Targeted Balance	Basis for Targeted Balance
<b>DISCRETIONARY RESERVE FUNDS</b>						
Future Mausoleum	Fund debt repayment and future mausoleum construction	<ul style="list-style-type: none"> <li>- Surcharges on cemetery transactions - mausoleum plot sales include a surcharge used to fund future mausoleum construction</li> <li>- Interest on reserve fund balance</li> </ul>	<ul style="list-style-type: none"> <li>- Expenditures related to new mausoleum construction</li> </ul>	\$ 176,890	\$ 1,500,000	<ul style="list-style-type: none"> <li>- Projected cost of future mausoleum construction incorporating construction price index</li> </ul>
Actifest	Legacy fund from Senior Games for programmes promoting healthy lifestyles for Seniors 55+	<ul style="list-style-type: none"> <li>- Transfer of surplus from 2004 Ontario Senior Games</li> <li>- Grants</li> <li>- Interest on reserve fund balance</li> </ul>	<ul style="list-style-type: none"> <li>- Expenditures related to the promotion of healthy lifestyles for citizens aged 55+ years</li> </ul>	\$ 5,658	- N/A - One-time legacy fund to be drawn down over time	- N/A - One-time legacy fund to be drawn down over time
Civic Project Fund	Fund community projects, external cultural and community improvement initiatives. Used to fund significant new facility construction and/or purchases	<ul style="list-style-type: none"> <li>- Proceeds from St. Catharines Hydro Inc. / Hamilton Hydro Inc. merger in 2005</li> <li>- Interest income - internal loan re: construction of Seymour Hannah</li> <li>- Interest on reserve fund balance</li> <li>- Sale of land</li> </ul>	<ul style="list-style-type: none"> <li>- Community grants</li> <li>- Interest paid to support Operating Fund</li> <li>- Cultural Investment Program</li> <li>- Physician Recruitment Program</li> <li>- Heritage Grant Program</li> <li>- Habitat for Humanity</li> <li>- Contributions towards major capital projects</li> </ul>	\$ 9,428,494	\$ 79,997,000	<ul style="list-style-type: none"> <li>- Maximum balance of 10% of net City assets.</li> <li>Net City assets as at December 31, 2016: \$709,970,000 x 10% = \$70,997,000</li> </ul>
Parking Operations	Net revenue from parking operations	<ul style="list-style-type: none"> <li>- Transfer of annual net parking operations revenue</li> <li>- Interest on reserve fund balance</li> </ul>	<ul style="list-style-type: none"> <li>- Parking lot acquisition, construction and improvements</li> <li>- Purchase of parking control equipment</li> </ul>	\$ 1,119,229	\$ 5,600,000	<ul style="list-style-type: none"> <li>- Maximum balance of 10% of total estimated replacement cost of parking infrastructure owned by the City</li> <li>Estimated replacement cost as at December 31, 2017: \$56,000,000 x 10% = \$5,600,000</li> </ul>

## City of St. Catharines - Reserves and Reserve Funds

Reserve Name	Purpose	Revenues	Expenditures	Balance as at December 31, 2017	Targeted Balance	Basis for Targeted Balance
<b>OBLIGATORY RESERVE FUNDS</b>						
Future Sidewalks	When sidewalk requirements are waived by Council the funds are placed in a reserve for a period of 20 years	- Transfer of sidewalk deposits - Interest on reserve fund balance	- Sidewalk construction and improvements	\$ 1,069,811	- N/A - Contributions dependent upon development activity therefore upper limit not applicable	- N/A - Annual contributions dependent upon development activity - Funds should be utilized in a timely manner upon receipt rather than remaining in reserve indefinitely
Payment in Lieu of Parkland	5% cash-in-lieu of parkland dedication - Sec 542(15) <i>Planning Act</i>	- Cash payments made by the developer to the municipality in lieu of conveyance of land - Interest on reserve fund balance	- Parkland construction and improvements	\$ 1,514,312	- N/A - Contributions dependent upon development activity therefore upper limit not applicable	- N/A - Annual contributions dependent upon development activity - Funds should be utilized in a timely manner in accordance with the <i>Planning Act</i> upon receipt rather than remaining in reserve indefinitely
Building Code	Net building permit fees - Provincial legislation	- Transfer of annual net building permit income (if any) - Interest on reserve fund balance	- Transfer to cover annual net building permit deficit (if any)	\$ 845,399	\$ 1,645,004	- Maximum balance of one year's worth of building permit department's expenditures. Balance represents 2017 budgeted expenditures for Building & Plumbing department  - Sufficient to cover future potential net building permit deficits
Subdivider Deposits	Fund expenditures for the specific subdivision	- Payments from developers held by the municipality as a deposit	- Refund of deposit back to developer upon successful completion of project - Amount taken from deposit and moved into revenue if developer unable to complete work and City is required to complete works	\$ 640,991	- N/A - Contributions dependent upon development activity therefore upper limit not applicable	- N/A - Annual contributions dependent upon development activity - Funds should be utilized in a timely manner upon receipt rather than remaining in reserve indefinitely

### City of St. Catharines - Reserves and Reserve Funds

Reserve Name	Purpose	Revenues	Expenditures	Balance as at December 31, 2017	Targeted Balance	Basis for Targeted Balance
Residential Development Charges	Fund growth-related net capital costs for which the Development Charge was imposed - Sec 16(1) <i>Development Charge Act</i>	<ul style="list-style-type: none"> <li>- Payments from developers collected to fund growth related capital expenditure</li> <li>- Interest on reserve fund balance</li> </ul>	<ul style="list-style-type: none"> <li>- Eligible project costs for capital projects defined and listed in the approved Development Charge Background Study and By-Law</li> </ul>	\$ 3,555,038	\$ 3,555,038	<ul style="list-style-type: none"> <li>- Development Charges set in accordance with the approved Development Charge Background Study and By-Law</li> <li>- Balance collected sufficient to fund growth related expenditures as per Development Charge Background Study and By-Law</li> </ul>
Gas Tas Reserve - Provincial	Public transportation	<ul style="list-style-type: none"> <li>- Payments from Provincial Government to fund public transportation</li> <li>- Interest on reserve fund balance</li> </ul>	<ul style="list-style-type: none"> <li>- Transfers to St. Catharines Transit for upgrades to public transportation infrastructure</li> </ul>	\$ 3,593,843	- N/A - funding levels set by Ministry of Transportation	- N/A - funding levels set by Ministry of Transportation
Gas Tax Reserve - Federal	Infrastructure projects - roads sewers, watermains	<ul style="list-style-type: none"> <li>- Payments through Association of Municipalities of Ontario on behalf of the Federal Government</li> <li>- Interest on reserve fund balance</li> </ul>	<ul style="list-style-type: none"> <li>- Eligible project costs for infrastructure supporting cleaner air, cleaner water or reduced greenhouse gas emissions in accordance with Federal Gas Tax Agreements</li> </ul>	\$ 6,043,359	- N/A - funding levels set by Infrastructure Canada (Federal Government)	- N/A - funding levels set by Infrastructure Canada (Federal Government)
<b>Total</b>				<b>\$ 27,993,024</b>		

**City of St. Catharines**  
**Parking Meter Reserve Fund**  
**December 31, 2017**

**Account #320.100.000**

Balance at January 1, 2017 1,741,231.75

Revenues

Parking Meters	646,904.91	
Parking Violations	837,585.75	
Off Street parking	575,115.92	
Ontario Street Parking Garage	354,877.61	
Carlisle Street Parking Garage	724,167.96	
Downtown Area Levy (net)		
Interest Earned	5,685.03	3,144,337.18

Expenditures

Parking Meters	260,112.53	
Parking Violations	760,255.50	
Off Street parking	1,116,699.95	
Parking Area Write Offs		
Ontario Street Parking Garage	467,866.58	
Carlisle Street Parking Garage	1,161,405.65	
transfer to general fund		3,766,340.21

Balance		1,119,228.72
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## APPENDIX 4 - Civic Project Fund Activity

Table 1

Civic Project Fund -Summary of Activity 2015 to Present  
in \$000's

		2005 to 2017		
	Years of transaction/s	Including 2017 Budget	Including 2017 Actual	Variance
<b>Inflows/Revenues:</b>				
Capital - recapitalization dividend	2005	\$ 8,700	\$ 8,700	-
Capital - promissory note repayment	2005	29,123	29,123	-
Capital - promissory note repayment	2009	2,000	2,000	-
Arts award funds for SCCIP	2016	13	29	16
Interest income	2005-2017	11,143	11,123	(20)
Land sales	2008-2017	1,140	1,068	(72)
Total Inflows/Revenues		52,119	52,043	(76)
<b>Uses/Expenditures:</b>				
<b>Operating related (recurring)</b>				
Interest redirected to operating fund	2006-2011&2014-17	5,571	5,406	165
Grants	2007-2017	544	478	66
Festivals, civic celebrations and receptions	2008-2017	499	476	23
Cultural investment program	2007-2017	1,768	1,830	(62)
Physician recruitment	2007-2017	452	441	11
Culture	2007 & 2016-17	149	149	-
Total operating related		8,983	8,780	203
<b>Capital related</b>				
Charles Ansell Park - City share	2006	100	100	-
Arena renovations - Ice Dogs & Falcons	2007	295	295	-
Aquatic centre - capital contribution	2008-2009	1,050	1,050	-
Land purchase Merritt St- Fire Station # 4	2008-2009	718	718	-
Meridian Centre	2013	17,000	17,000	-
Performing Arts Centre	2007-2017	14,656	14,659	(3)
Civic Square design	27	120	-	120
Seymour Hannah Rink Improvement Other	27	235	-	235
(Includes GM Secondary Plan) Total	2016-17	46	13	33
capital related		34,220	33,835	385
Total Uses/Expenditures		43,203	42,615	
Reserve Ending Balance Dec 31, 2017		\$ 8,916	\$ 9,428	\$ 512

Table 2

## Uncommitted Civic Project Fund Balance

As at Dec 31, 2017

In \$000's

		2017
Ending Balance Dec 31, 2017		\$ 9,428
Internal loan for Seymour Hannah Complex	9,700	
Less principal repayment	4,073	
Outstanding internal loan receivable		5,627
Forecast available reserve balance		\$ 3,801