

**Report from** Financial Management Services, Director

**Date of Report:** November 4, 2019

**Date of Meeting:** November 13, 2019

**Report Number:** FMS-B049-2019

**File:** 10.57.12

**Subject:** Parking Meter Reserve Fund and Other Reserves & Reserve Funds

## Recommendation

That report FMS-B049-2019, regarding Parking Meter Reserve Fund and Other Reserves & Reserve Funds, be received for information.

## Summary

The report, along with its appendices, provides estimates for the 2020 parking revenues and expenditures, as well as the balance of Parking Meter Reserve Fund. It also discusses the other reserves and reserve funds that the City currently maintains and their balances at 2018 year-end.

## Background

During the Budget Standing Committee (BSC) Meeting on Monday, [October 16, 2019](#), a motion was approved for staff to provide a report back to the Committee on November 13, 2019 regarding the City's parking revenues and opportunities to increase.

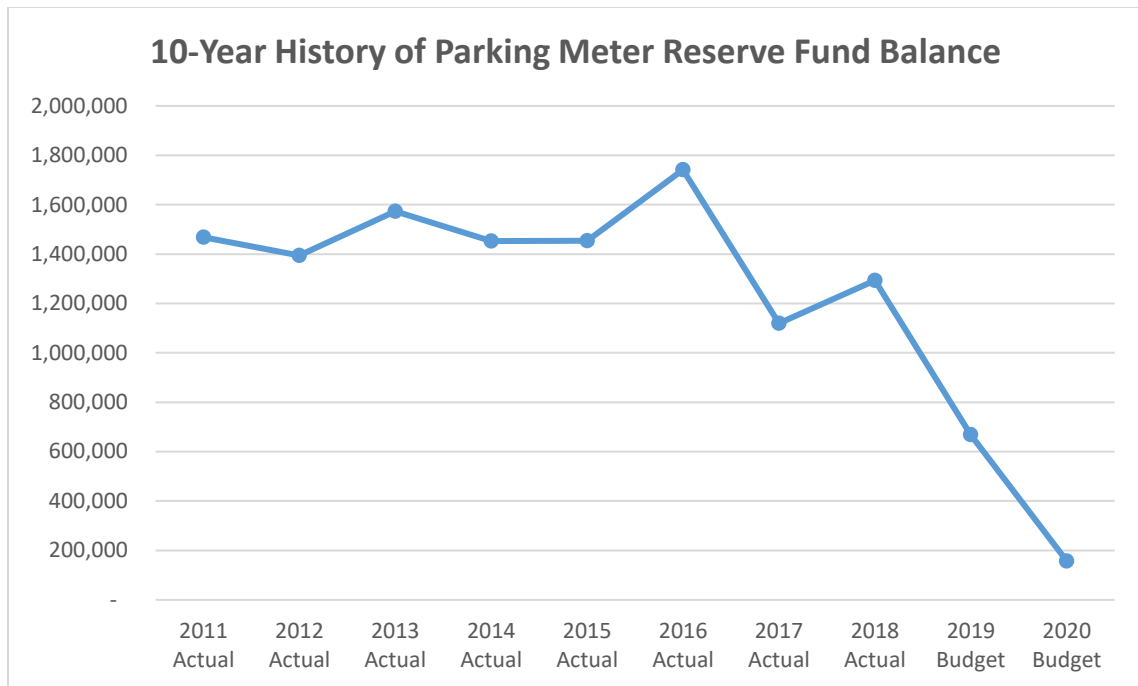
## Report

### Parking Meter Reserve Fund

Included in Appendix 1 is a summary of the 2020 parking operating budget by function as well as the projected balance of Parking Meter Reserve Fund.

The net revenue from the operation of all parking facilities is deposited into the Parking Meter Reserve Fund. These funds are then used for the payment of day to day operations of the City's parking system, all outstanding debentures on parking facilities, maintenance of existing facilities and for the acquisition and establishment of future parking equipment and facilities. Included in the parking meter reserve fund are funds for an ongoing project to replace the existing parking meters with parking meters with newer payment technology.

As of December 31, 2018, the Parking Meter Reserve Fund had a balance of \$1,292,782. By the end of 2020, the estimated ending balance of the Parking Meter Reserve Fund is \$157,497.



## Parking Revenues

In order to generate additional parking revenues, the Downtown Parking Study was undertaken in 2016. In June 2018, City Council received several recommendations from the Downtown Parking Study including:

- Reduce the on-street maximum parking time limit;
- Extend weeknight paid parking hours;
- Introduce Saturday paid parking;
- Update the Rates and Fees to increase the hourly rates;
- Update the Rates and Fees to increase the monthly surface parking lot permits.

Since then the 2020 Rates and Fees have been approved by Council. For 2020, total of 16 parking fees are going to increase at a rate that is greater than the core rate of inflation. The increase is approximately equivalent to the accumulated inflation since 2012 when the fee was last increased. The 2020 parking revenues are expected to increase by \$175,000.

Category	Amount
Estimated Revenue Increase from Parking Meters	\$60,000
Estimated Revenue Increase from Off Street Parking	\$40,000
Estimated Revenue Increase from Parking Garages	\$75,000
<b>Total Estimated Parking Revenue Increase for 2020</b>	<b>\$175,000</b>

Further amendments to parking systems and its operations are being reviewed for Council considerations. City staff will report back to Council in Q1 2020 with more information on the downtown parking study.

The City's parking operations are expected to generate lower net expenditures in 2020 (\$511,314) compared to 2019 (\$623,971). Although parking revenues are increasing and are adequate to cover the annual operating costs, the revenue generated are not sufficient to fund capital expenditures. Therefore, with the parking operations expenditures exceeding revenues, it is estimated that the Parking Meter Reserve Fund will not be at an adequate level to cover the 2021 parking operations expenditures. If the Parking Meter Reserve Fund does not have a sufficient amount available to cover parking expenditures, then these operational costs will become part to the operating budget and paid for with the tax levy. This is not considered as a financially sustainable approach to fund the operational activities and capital assets within the parking system. Appendix 2 provides details of the 2020 estimated capital expenditures within the parking budget. Of these, capital projects totaling \$440,000 were included with the 2020 Capital Budget that was approved by Council on October 7, 2019.

## **Other Reserves and Reserve Funds**

The City maintains two types of reserves – Reserves and Reserve Funds. A Reserve is an allocation of accumulated net revenue. It has no reference to any specific assets and does not require segregated funds. A Reserve Fund differs from a Reserve in that reserve fund assets are segregated and restricted to meet the purpose of the Reserve Fund. In addition, Reserve Funds earn interests.

A complete listing of Reserves and Reserve Funds is included in Appendix 3. The majority of the Reserves and Reserve Funds must be used for specific purposes. These purposes are also listed in Appendix 3. In recent years, this committee and Council has done a very well with creating new reserves for the City. Reserve creation supports financial sustainability.

The Tax Stabilization Reserve holds funds set aside to support one-time and unanticipated expenditures. During the budget process this reserve can be utilized to minimize the fluctuation of tax rate increases due to extraordinary or unforeseen events. As indicated in report FMS - B037-2019, \$112,133 is proposed to be utilized to fund 50% of the Government Relations and Diversity/Inclusionary positions in the 2020 draft operating budget. Considering these items, the Tax Stabilization Reserve has an uncommitted balance of \$247,000.

The Civic Project Fund (CPF) was established with proceeds from the St. Catharines Hydro Inc. /Hamilton Hydro Inc. merger in 2005. Annual sources of income for this reserve are interest income and the proceeds from sale of excess City lands (excluding parking lands). The CFP supports one-time and/or ad hoc community based and cultural expenditures. This Fund might be utilized during the budget process to mitigate

the effect of tax rate increases, or after the annual budget is approved to fund Council endorsed initiatives and projects. This reserve is estimated to have an uncommitted balance at the end of 2020 of \$4,438,083.

## **Financial Implications**

Not Applicable.

## **Relationship to Strategic Plan**

Economic Prosperity would be enhanced in that Reserve and Reserve Funds are important long-term financial planning tools for the City of St. Catharines. Monitoring and reporting on Reserve and Reserve Funds is crucial to ensure that monies are set aside to achieve long-term goals and that those funds will be available when needed.

## **Conclusion**

The parking operations in 2020 are projected to generate \$511,314 net expenditures, which will be transferred from the Parking Meter Reserve Fund. The Reserve Fund balance will continue to decrease to \$157,497 by the end of 2020. As the Parking Meter Reserve Fund declines, feasible solutions need to be explored and implemented in order to ensure the parking operations remain sustainable for the City, its residents and visitors. An adequate Parking Meter Reserve Fund lessens the pressure on the tax levy. Reserve and Reserve Funds support financial sustainability of the municipality.

### **Prepared and Submitted by:**

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### **Approved by:**

Kristine Douglas, CPA, CMA  
Director of Financial Management Services / City Treasurer

### **Attachments:**

Appendix 1 – 2020 Proposed Parking Budget  
Appendix 2 – Summary of 2020 Parking Capital Expenditures  
Appendix 3 – Other Reserves & Reserve Funds

## Schedule No. P1

		2020 Budget	2019 Budget	2018 Actual	2017 Actual	\$ Change 2019 Budget	% Change 2019 Budget
<b>RESERVE OPEN BALANCE</b>		668,811	1,292,782	1,119,228	1,741,231		
<b>EXPENDITURE</b>							
320.105	Parking Meters	361,806	378,502	242,405	260,113	(16,696)	-4.41%
320.110	Parking Violations	867,893	867,149	776,082	760,256	744	0.09%
320.115	Off-Street Parking	442,112	379,125	313,852	1,116,700	62,987	16.61%
320.120	Ontario St. Garage	726,451	600,416	464,822	467,867	126,035	20.99%
320.125	Carlisle St. Garage	659,358	629,138	535,754	484,056	30,220	4.80%
	Debt/Interest payment	832,994	832,321	831,093	677,350	673	0.08%
<b>TOTAL EXPENDITURE</b>		3,890,614	3,686,651	3,164,007	3,766,340	203,963	5.53%
<b>REVENUE</b>							
320.105	Parking Meters	815,600	655,600	651,725	646,905	160,000	24.41%
320.110	Parking Violations	790,000	775,000	805,039	837,586	15,000	1.94%
320.115	Off-Street Parking	648,000	580,200	648,811	575,116	67,800	11.69%
320.120	Ontario St. Garage	331,200	343,250	412,529	354,878	(12,050)	-3.51%
320.125	Carlisle St. Garage	775,300	700,400	807,362	724,168	74,900	10.69%
	Interest earned	19,200	8,230	12,095	5,685	10,970	133.29%
<b>TOTAL REVENUE</b>		3,379,300	3,062,680	3,337,561	3,144,337	316,620	10.34%
<b>NET REVENUE/(EXPENDITURE)</b>		(511,314)	(623,971)	173,554	(622,003)	112,657	-18.05%
<b>RESERVE CLOSING BALANCE</b>		157,497	668,811	1,292,782	1,119,228		

		2020 ESTIMATE	2019 APPROVED
320.105	<u>PARKING METERS</u> Meters-Replace meters with updated technology	\$100,000	\$100,000
320.115	<u>OFF-STREET PARKING</u> Race Street Parking Lot (P17-179) *	70,000	0
320.120	<u>ONTARIO STREET GARAGE</u> <u>IMPROVEMENTS - NON TCA</u> Replace the fire alarm panel	0	15,000
	<u>BUILDING IMPROVEMENTS - TCA</u> Structural Slab/Column repairs	0	50,000
	<u>CONSULTING FEES</u> Annual Strand Monitoring	30,000	25,000
320.125	<u>CARLISLE STREET GARAGE</u> <u>IMPROVEMENTS - NON TCA</u> Repair spray on insulation lower level ceiling	10,000	0
	Roof drain repairs at south end	0	2,500
	Roof/Ceiling Height survey for clearances	0	10,000
		10,000	12,500
	<u>BUILDING &amp; IMPROVEMENTS</u> Waterproofing repairs (P20-164) *	80,000	0
		80,000	0
	<u>IMPROVEMENTS - TCA</u> Waterproofing repairs (funded through the Building Improvement Reserve)	0	60,000

\* Projects approved with 2020 Capital Budget to be 100% funded from the Parking Meter Reserve Fund

\*\* Projects listed below were approved with the 2020 Capital Budget:

<u>Project No.</u>	<u>Project Name:</u>	<u>Gross Cost:</u>	<u>Funding Source</u>
P18-151-3	Carlisle Garage for water line **	40,000	Building Reserve
P20-165	Ontario St. Parking Garage structural repairs	200,000	\$180K debt financed; \$20K capital out of revenue
P20-166	Market Square/City Hall Parking Lot	200,000	\$180K debt financed; \$20K capital out of revenue
		440,000	

**RESERVE AND RESERVE FUNDS:**

Name	Purpose	Dec 31/18	Dec 31/17	Dec 31/16
<b>Reserves:</b>				
Accumulated Sick Leave	For certain employees unused sick leave can accumulate and could be taken as cash on termination. The liability for the vested sick leave in 2018 \$5,684,744	\$2,987,931	\$2,992,570	\$3,005,640
Motor Vehicle Replacement	Replacement of Major Equipment / Equipment Replacement Reserve	6,372,176	7,289,877	7,072,202
Encumbrances	Provide for unliquidated encumbrances or commitments.	14,704,414	16,033,119	19,540,710
Building Improvement Reserve	Provide for commitments to building improvement projects TCA	2,108,089	1,900,563	1,564,544
Winter Control Reserve	Reserve to help stabilize winter control fluctuations	300,000	300,000	150,000
Tax Rate Stabilization Reserve	Minimize the fluctuation of tax rate increases due to extraordinary of unforeseen events	566,983	710,788	450,000
Infrastructure Levy Reserve	Reserve to provide funds to address the infrastructure deficit	1,445,599	1,312,064	890,000
Hydro Funds	One time hydro funding source	6,050,217	4,300,000	200,000
Community Improvement Plan Reserve	Provide for ongoing commitments to the CIP program	5,386,567	4,745,190	4,572,593
Cemetery Reserve	Net cemetery activity-to be used for Capital items	19,437	29,842	29,842
Fire	Equipment Replacement	1,761,195	1,304,544	833,191
First Ont Pac CIF Reserve	Capital Improvement Fund Reserve funded through portion of ticket sales	221,079	105,607	129,795
Meridian Capital	Net Meridian Centre activity - provide funds for capital expenditures	153,376	109,588	109,588
Meridian - Special Events	Net Meridian Centre activity - provide funds for self-promoted/co-promoted special events	143,788		
Litigation/Insurance Reserve	To fund "unknown matters" and to provide additional amounts to pay legal expenses and damages below City's deductible	574,522	451,745	200,000
Election Reserve	To fund the cost of the municipal election	99,573	477,000	400,000
Sewer Capital Reserve	Net wastewater activity	1,331,162	460,478	
<b>Total Reserves</b>		<b>\$44,226,108</b>	<b>\$42,522,976</b>	<b>\$39,148,105</b>

**Reserve Funds:**

Future Sidewalks	When sidewalk requirements are waived by Council the funds are placed in a reserve for a period of 20 years.	\$1,090,675	\$1,069,811	\$1,001,035
Future Mausoleum	Provide funds for debt repayment and future mausoleum construction.	269,882	176,890	101,457
Payment in Lieu of Parkland	5% cash-in-lieu of parkland dedication (Sec 542 (15) Planning Act).	1,758,890	1,514,312	1,090,441
Parking	Net revenue derived from Parking Operations	1,292,783	1,119,229	1,741,232
Subdivider Deposits	Funds can only be used to meet expenditures for the specific subdivision	701,823	640,992	872,024
Residential Development Charges	Funds to be used only to meet growth-related net capital costs for which the development charge was imposed (Sec 16 (1) Development Charge Act).	3,616,395	3,555,038	3,514,509
Gas Tax Reserve - Provincial	Public Transportation	1,973,240	3,593,843	2,421,156
Gas Tax Reserve - Federal	Incremental Infrastructure Roads,Sewers,Watermains	6,947,761	6,043,359	8,745,491
Actifest Surplus	Legacy fund from senior games for programmes for Seniors 55+ promoting healthy lifestyles	5,658	5,658	5,658
Civic Project Fund	Interest earned used for Municipal Capital or other capital projects	9,415,980	9,428,494	11,383,636
Building Code	Net Building Permit fees - Provincial legislation	1,011,113	845,399	158,257
<b>Total Reserve Funds</b>		<b>\$28,084,201</b>	<b>\$27,993,024</b>	<b>\$31,034,895</b>

**TOTAL RESERVE AND RESERVE FUNDS**

<b>\$72,310,309</b>	<b>\$70,516,000</b>	<b>\$70,183,000</b>
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**Definitions:**

Reserve: A reserve is an allocation of accumulated net revenue. It has no reference to any specific asset and does not require segregated funds.

Reserve Fund: A reserve fund differs from a reserve in that reserve fund assets are segregated and restricted to meet the purpose of the reserve fund. In addition reserve funds earn interest.

**Note:**

the 2019 actuals will be provided with the 4th quarter variance report