



## REQUEST FOR DECISION

**File # 0340-50, 2280-20**

**Report To:** Mayor and Council  
**From:** Chief Financial Officer  
**Presenter:** David Joy  
**Subject:** Administration Report No. 0042/24  
Allocation of Casino Revenue Above \$750,000 - Amendment of  
Use of Funds Policy No. 120/24  
**Meeting:** Regular Council  
**Meeting Date:** 11 Mar 2024

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### RECOMMENDATION:

**"THAT, Use of Funds Policy No. 120/24, as attached to Administration Report No. 0042/24, be adopted as presented."**

### CAO'S COMMENTS:

With inflationary pressures on our operating budget in all areas and with experiencing operating deficits for the past 5 years in a row, the City's interests would be well served by allocating all gaming revenues towards operations.

### ALTERNATIVE RECOMMENDATION:

"THAT, Council receive Administration Report No. 0042/24 - Allocation of Casino Revenue Above \$750,000 - Amendment of Use of Funds Policy No. 120/24, for information."

OR

"THAT, Council make the following amendments to the Use of Funds Policy No. 120/24:

1 (INSERT AMENDMENTS)

AND THAT, Use of Funds Policy No. 120/24 be adopted as amended."

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**KEY ISSUES(S)/ CONCEPTS DEFINED:** Changing this allocation will require revising the "Use of Funds Policy No. 120/16" and the Service Agreement and Gaming Revenue section of the Financial Policy Framework.

RELEVANT POLICY: Use of Funds Policy No. 120/16

<b>IMPLICATIONS OF RECOMMENDATION</b>
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**COMPLIANCE WITH STRATEGIC PILLARS:**

Goal No. 1 - Enhance community economic development to provide opportunities and sustainability for Fort St. John.

Goal No. 2 - Demonstrate leadership in environmental responsibility through sustainable and effective practices for municipal operations.

Goal No. 3 - Build and manage civic assets and human resources that support the current and future needs of the community.

Goal No. 4 - Initiate and foster partnerships that will benefit Fort St. John. Advocate to decision makers on issues that impact the community to ensure our northern voice is heard.

Goal No. 5 - Continue to invest in community social, cultural and recreational assets and programs to provide an inclusive, vibrant, livable Fort St. John.

**COMPLIANCE WITH STRATEGIC PRIORITIES:**

**GENERAL:**

The City of Fort St. John continues to use its share of gambling revenue from hosting Chances Fort St. John to help operate the Pomeroy Sport Centre, an ice and sports recreation and events centre that features one of only five Olympic-size long track speed skating ovals in North America, along with two NHL-size ice rinks.

The City will continue to provide the Community Foundation with grants-in-aid and coverage for what was previously established as permissive tax exemptions. However, over the past 5 years, the City has experienced operating deficits which must be addressed by finding additional revenues and reducing expenses. An option would be to transfer 100% of the gaming revenue to Community Services operations instead of transferring any gaming revenue in excess of the \$750,000 received to the Community Foundation. On an annual basis this would provide additional revenue between \$100 thousand to \$200 thousand to the City's operations.

Casino revenue has now recovered to pre-pandemic levels. Within the Council Policy No. 120/16, the "Use of Funds Policy", any casino revenue received above \$750,000 would be allocated to the Community Foundation. Administration feels that this excess would be better served by allocating it to the operating budget within Community Services. The Community Foundation already receives annual allotments for grants in aid and permissive tax exemptions (totaling \$1,253,998 in 2023) and will continue to do so along with the future BC Hydro Legacy Funds once the Site C Dam is operational in 2025. Within the "Service Agreement and Gaming Revenue" section of the Financial Policy Framework, it is stated that "this allocation will be reviewed periodically" and thus, is at the discretion of Council to alter this arrangement.

Since 2016, operating costs have risen significantly. Using the entire amount of casino revenue received

would help to offset some of the City's inflationary pressures and bring our finances towards a surplus position in the future.

**ORGANIZATIONAL:**

**FINANCIAL:** Over the past few years, Casino Revenue has fluctuated below the \$750,000 level and the City has had to absorb the loss to its bottom line. The City already gives almost \$1.3 million in grants-in-aid with a promise to transfer future BC Legacy funds to the Community Foundation.

**FOLLOW UP ACTION:** If approved, the policy will be circulated to staff and made publicly available on the City's website.

**COMMUNITY CONSULTATION:**

**COMMUNICATION:**

**DEPARTMENTS CONSULTED ON THIS REPORT:** Finance

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**Attachments:**

Use of Funds Policy No. 120/24 - with mark-up

**Use of Funds Policy No. 120/24 - draft**

**Financial Policy Framework - with mark-up**

**Financial Policy Framework - draft**

**RESPECTFULLY SUBMITTED:**

**David Joy, Chief Financial Officer**

**06 Mar 2024**

**USE OF FUNDS POLICY**  
**Council Policy No. 120/24**

**PURPOSE:**

This policy provides guidance on the use of funds received from senior governments through negotiated agreements and through Community Measures Agreements with the energy sector. The Policy specifically addresses the multi-year funds received through the Host Assistance Agreement (Chances Gaming Centre) and through the Community Measures Agreement with BC Hydro.

**OBJECTIVES:**

One-time discretionary funds are for support of community rather than corporation, are future focused and are for:

- Family,
- Sustainable community,
- Culture, and
- Community attractiveness.

Multi-year funds are for longer-term requirements.

**POLICY:**

BC Hydro Community Measures Agreement:

- Use of legacy funds, receivable once the Dam is built in 2025, will be determined by a future Council
- Annual payments of \$1,000,000 plus inflation shall be set aside for construction of a city facility
- Recreation fees to offset recreation costs
- Water sampling fees to offset water sampling costs
- RCMP officer fees to offset RCMP officer costs with reliance on the funds decreasing over eight years.
- Discretionary one-time funds of \$75,000 be allocated in 2016 as follows:
  - \$20,000 to Community Bridge
  - \$20,000 to Women's Resource Centre
  - \$ 5,000 to Literacy Society
  - \$ 5,000 to Justice Society
  - \$ 5,000 to North Peace Museum
  - \$ 5,000 to Library
  - \$ 5,000 to Arts Council
  - \$ 5,000 to Abbey Field
  - \$ 5,000 to SPCA

**USE OF FUNDS POLICY**  
**Council Policy No. 120/24**

POLICY: (continued)

Peace River Agreement

- One-time signing bonus funds of \$1,458,250 to be used to construct Festival Plaza for the Farmer's Market and other events.

Casino Revenue

- The annual receipt of the proceeds related to the casino revenue will be allocated to operate the Pomeroy Sports Center beginning 2017.

The City will continue to pursue negotiated agreements with the province and community measures agreements with the energy sector in support of community resiliency and sustainability.

PROCEDURE:

1. Funding will be allocated in accordance with the policy and will be presented to Council for budget approval annually.
2. The Policy will be amended from time to time as the City successfully negotiates funding agreements.
3. The Policy will be reviewed every five years.

**USE OF FUNDS POLICY**  
**Council Policy No. 120/16**

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Peace River Agreement

- One-time signing bonus funds of \$1,458,250 to be used to construct ~~Festival Plaza an Amphitheatre and a building~~ for the Farmer's Market ~~and other events.~~

~~Host Assistance Agreement (Casino Revenue)~~

- ~~The annual receipt of the proceeds related to the casino revenue~~ \$750,000 will be allocated ~~annually~~ to operate the Pomeroy Sports Center beginning 2017.
- ~~Remaining funds will be allocated to a Community Foundation. Funds will be set aside in City reserves until the foundation is created and can accept funds.~~

The City will continue to pursue negotiated agreements with the province and community measures agreements with the energy sector in support of community resiliency and sustainability.

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## Service Agreement and Gaming Revenue

The use of these revenues to offset on-going operating expenses would expose the City to a degree of risk due to limited durations and unpredictable revenues.

However, the benefits of receiving these revenues outweigh the risks by adding value to existing programs, services, or projects that directly benefit the public without impacting taxation.

### Objective

To reduce the City's reliance on service agreement and gaming revenue that the City cannot control. These revenues will be used to add value to the City's strategic initiatives and long-term plans while ensuring the sustainability of the City's operating budget.

### Policy Statements

- a) The City will minimize its reliance on service agreement and gaming revenue for operating purposes.
- b) Revenues that are received only once and are not recurring may be applied to non-recurring expenditures such as a discretionary project, debt retirement or be applied to the pooled reserve for strategic initiatives.

### Strategies

- a) **Gaming revenue will be utilized to support the quality of life within the community**

The City of Fort St. John receives ten percent of the annual net gambling revenue from casinos within the City. Annual gaming revenues directed to Community Services operational costs to support local community events and programs that support active and healthy living for both the general population as well as those that are more vulnerable. This allocation will be reviewed periodically.

- b) **Revenue from term agreements will be allocated to future capital needs**

Revenue received from term agreements negotiated between the City and other parties will be placed into the capital reserve.

- c) **One-time non-recurring revenue for debt reduction or for social benefit**

Any one time revenue received by the City may be directed to a non-recurring expenditure such as a project or capital initiative or to the retirement of debt.

- d) [Community Measures Agreement revenues will be allocated to future capital requirements and to the Community Foundation](#)

Prior to and up to the completion of the Hydro Dam, annual payments of \$1,000,000 plus inflation shall be set aside for construction of a city facility.

Once the Hydro Dam is built in 2025, the use of “Legacy” revenue will be directed towards the Community Foundation and reviewed every 5 years.

- e) [The North Peace Leisure Pool service agreement revenues will continue to offset pool operation costs](#)

As the North Peace Leisure Pool is owned by the Peace River Regional District and operated by the City of Fort St. John, service agreement revenues will continue to offset pool operation costs.

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### Policy Statements

a) The City will minimize its reliance on service agreement and gaming revenue for operating purposes.

~~b) Gaming revenue in excess of \$750 thousand will be directed to a Community Foundation.~~

e)b) \_\_\_\_\_ Revenues that are received only once and are not recurring may be applied to non-recurring expenditures such as a discretionary project, debt retirement or be applied to the pooled reserve for strategic initiatives.

### Strategies

a) Gaming revenue will be utilized to support the quality of life within the community

The City of Fort St. John receives ten percent of the annual net gambling revenue from casinos within the City. Annual gaming revenues ~~received in excess of \$750,000 will be systematically redirected to~~ Community Services operational costs~~the Fort St. John Community Foundation~~ to support local community events and programs~~non-profits~~ that support active and healthy living for both the general population as well as those that are more vulnerable. This allocation will be reviewed periodically.

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