Agenda - Executive Policy Committee - December 10, 2008

Report - Standing Policy Committee on Finance - December 4, 2008

Item No. 1 Transfers to Reserves and an Additional Grant to Assiniboine Park Conservancy Inc.
eFile F-1

STANDING COMMITTEE RECOMMENDATION:

On December 4, 2008, the Standing Policy Committee on Finance concurred in the recommendation of the Winnipeg Public Service and submits the following to Council:

1. That relating to the accommodation tax revenue:

    A. That the amount reported in the General Revenue Fund for the year-ended December 31, 2008 that is in excess of the $1.8 million budget be transferred to the General Purpose Reserve Fund in 2008.

    B. That effective January 1, 2009, the accommodation tax revenue in excess of budget that was transferred to the General Purpose Reserve Fund as a result of Recommendation 1 A above be transferred to the Destination Marketing Reserve Fund.

    C. That of the amount transferred as a result of Recommendation 1 B above, a cash float of $1.5 million be maintained in the Destination Marketing Reserve Fund.

2. That a $2.1 million provision included in the 2008 General Revenue Fund's budget, under corporate expenses, be transferred to the Snow Clearing Reserve Fund.

3. That a maximum grant of up to $1.2 million be made to the Assiniboine Park Conservancy Inc. to facilitate the completion of a business plan supporting the implementation of the conservancy model subject to an agreement between the Assiniboine Park Conservancy Inc. and the City that is satisfactory to the Chief Administrative Officer.

4. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Agenda - Executive Policy Committee - December 10, 2008

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DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On December 4, 2008, the Standing Policy Committee on Finance concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

RE: Transfers to Reserves and Additional Grant

FOR SUBMISSION TO: Standing Policy Committee on Finance

ORIGINAL REPORT SIGNED BY: Chief Financial Officer

REPORT DATE: December 3, 2008

RECOMMENDATIONS:

1. That relating to the accommodation tax revenue;
    a) That the amount reported in the General Revenue Fund for the year-ended December 31, 2008 that is in excess of the $1.8 million budget be transferred to the General Purpose Reserve Fund in 2008;
    b) That effective January 1, 2009, the accommodation tax revenue in excess of budget that was transferred to the General Purpose Reserve Fund as a result of recommendation 1 a) above be transferred to the Destination Marketing Reserve Fund; and
    c) That of the amount transferred as a result of recommendation 1 b) above, a cash float of $1.5 million be maintained in the Destination Marketing Reserve Fund.
2. That a $2.1 million provision included in the 2008 General Revenue Funds' budget, under corporate expenses, be transferred to the Snow Clearing Reserve Fund.
3. That a maximum grant of up to $1.2 million be made to the Assiniboine Park Conservancy to facilitate the completion of a business plan supporting the implementation of the conservancy model subject to an agreement between the Assiniboine Park Conservancy and the City that is satisfactory to the Chief Administrative Officer.

Report Summary

Key Issues:

- As at October 31, 2008 the City is forecasting a General Revenue Fund surplus of $8.5 million for the year ending December 31, 2008.
- Accommodation tax revenue is projected to be higher than budget by $2.5 million. The October 31, 2008 forecast includes a proposed transfer of the same amount to the General Purpose Reserve Fund by year-end. On January 1, 2009, this amount will then be transferred to the Destination Marketing Reserve Fund.
- A cash float of $1.5 million be maintained in the Destination Marketing Reserve Fund, thereby mitigating the risk of the Reserve being placed in a deficit position.
- A $2.1 million provision is included in the General Revenue Fund. This provision was intended to supplement the Public Works department's budget for snow removal. With the Public Works department forecasting snow removal costs to

be under budget for the year, the provision may be transferred directly to the Snow Clearing Reserve Fund.

- Implementation of the long-term vision and strategic direction of the Assiniboine Park Conservancy requires the development of a comprehensive business plan. The development of this plan would be facilitated through a maximum grant of up to $1.2 million from the City of Winnipeg.

Implications of the Recommendation(s):

General Implications

(X) None

( ) For the organization overall and/or for other departments

( ) For the community and/or organizations external to the City

( ) Involves a multi-year contract

Comment(s):

Policy Implications

(X) No

( ) Yes

Comment(s):

Regulatory Implications

(X) None

( ) Eliminates or reduces regulatory impact

( ) Proposes regulatory impact

Comment(s):

Environmental Implications

(X) No

( ) Yes

Comment(s):

Human Resources Implications

(X) No

( ) Yes

Comment(s):

Financial Implications

( ) Within approved current and/or capital budget

(X) Current and/or capital budget adjustment required

Comment(s): The General Revenue Fund has a forecasted surplus, based on October 31, 2008 actual figures, of $8.5 million. The financial implications of the recommended transfers and grant are included in the forecasted surplus of $8.5 million.

Report

REASON FOR THE REPORT:

Transfers from the General Revenue Fund to various City of Winnipeg Reserve Funds and grants require approval by City Council.

HISTORY:

NONE

DISCUSSION:

As at October 31, 2008, the City is forecasting a General Revenue Fund surplus of $8.5 million. This surplus is net of the two proposed transfers and the grant, as noted in the recommendations of this report, which require approval by City Council.

Accommodation Tax Revenue

On October 22, 2008, City Council approved that the Destination Marketing Reserve Fund be established effective January 1, 2009 and that it be funded by accommodation tax revenue. The Financial Status Report and Forecast to October 31, 2008 is forecasting that accommodation tax revenue reported in the General Revenue Fund will exceed budget by $2.5 million for the year-ended December 31, 2008. This is a forecasted amount and the final amount for the year may vary from this estimate.

It is recommended that the accommodation tax revenue in excess of budget for the year ended December 31, 2008 be transferred to and temporarily held in the General Purpose Reserve Fund. Then, effective January 1, 2009, with the establishment of the Destination Marketing Reserve Fund, the accommodation tax revenue will be transferred to the Destination Marketing Reserve Fund. These transfers require City Council approval as they are unbudgeted.

It is also recommended that from the amount transferred to the Destination Marketing Reserve Fund as a result of this report, a $1.5 million cash balance be maintained in the Destination Marketing Reserve Fund to mitigate the risk of the Reserve being placed in a deficit position. Based on anticipated cashflows for this Reserve, this float will allow the City to meet its obligations arising from the Accommodation Tax for the foreseeable future without having to rely upon subsequent tax collections to recover. This operating feature of the Destination Marketing Reserve Fund requires City Council approval.

Snow Clearing Expenditures

The General Revenue Fund's 2008 budget includes a $2.1 million provision intended to supplement the Public Works department's budget for snow removal service. It provided financial backing in the event the Public Works budget was insufficient. The Financial Status Report and Forecast to October 31, 2008 is forecasting that the Public Works department snow removal service will be under budget for the year. In accordance with City Council direction, the department is presently forecasting to transfer $1.8 million to the Snow Clearing Reserve Fund. Further, there is a specifically budgeted transfer to the Snow Clearing Reserve Fund of $2.0 million included in the Public Works department budget. In approving the transfer recommended in this report, along with the other budgeted and forecasted transfers described here, the Snow Clearing Reserve Fund is anticipated to have a year-end balance of $5.9 million. This transfer requires City Council approval.

Assiniboine Park Conservancy Grant

Committed to the future enhancement of Assiniboine Park, a new conservancy model is planned to support new alternatives to stimulate investment in the park. A strategic plan has been developed for the park. Implementation of the long-term vision and strategic direction of the Assiniboine Park Conservancy requires the development of a comprehensive business plan. The development of this plan would be facilitated through a maximum grant of up to $1.2 million from the City of Winnipeg. This grant requires the approval of City Council as it is unbudgeted.

Financial Impact Statement

Date: December 3, 2008

Project Name:

Transfers to Reserves and Additional Grant

First Year of Program **2008**

	2008	2009	2010	2011	2012
Capital					
Capital Expenditures Required					
Less: Existing Budgeted Costs					
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal					
Debt - External					
Grants (Enter Description Here)					
Reserves, Equity, Surplus					
Other - Enter Description Here					
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 3,700,000				
Less: Incremental Revenue/Recovery	2,500,000				
Net Cost/(Benefit)	$ 1,200,000	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts					
Net Budget Adjustment Required	$ 1,200,000	$ -	$ -	$ -	$ -

Additional Comments: The proposed transfer of an estimated $2.5 million to the General Purpose Reserve fund will be funded by accommodation tax revenue that is forecasted to exceed budget by $2.5 million. The proposed transfer of $2.1 million to the Snow Clearing Reserve Fund will be funded through a budget already established Corporately. The proposed grant to the Assiniboine Park Conservancy will be accommodated through the anticipated General Revenue Fund operating surplus.

Patricia Bodnar
Senior Financial Accountant

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:

Corporate Finance Department

External Consultation With:

THIS REPORT SUBMITTED BY:

Corporate Finance Department
Corporate Controller's Division
Prepared by: Patricia Bodnar
File No.