

Interim Financing Reserve – Forecast (\$000)

Reserve Overview:

The Interim Financing Reserve was originally approved on November 19, 2014 and later amended on November 29, 2016. The purpose of the reserve is to accommodate timing differences between operating impacts of capital projects and related external funding sources and differences that arise between the timing of cash outflows (budget) and recognition of expenses (accounting) to ensure that the City can levy taxes in a manner that matches the cash outflow of the expenses. Reserve deficit balances will be repaid through external funding sources. No interest earnings are applied to this reserve.

Cash Flow:

	Total	Actual	Forecast					
		2014-2023	2024	2025	2026	2027	2028	2029-2051
Downtown Arena:								
Revenues								
Lease	\$ 270,786	60,501	8,250	8,250	8,250	8,250	8,250	169,035
(1) Ticket Surcharge (net of transfer to Rogers Arena Capital)	211,194	47,549	6,214	6,214	6,214	6,214	6,214	132,575
(2) Other	60,053	22,526	2,961	2,961	2,961	2,961	2,961	22,722
Total Revenues	542,033	130,576	17,425	17,425	17,425	17,425	17,425	324,332
Expenses								
Debt Servicing	567,918	162,680	18,332	18,332	18,332	18,332	18,332	313,578
(3) Transfer from Downtown CRL	(45,605)	(12,667)	(2,534)	(2,534)	(2,534)	(2,534)	(2,534)	(20,268)
Total Expenses	522,313	150,013	15,798	15,798	15,798	15,798	15,798	293,310
Net Income (Deficit)	\$ 19,720	\$ (19,437)	\$ 1,627	\$ 1,627	\$ 1,627	\$ 1,627	\$ 1,627	\$ 31,022
Civic Accommodation Tower Accounting Difference	-	(12,678)	(837)	(837)	(837)	692	692	13,805
Leduc County Land Annexations Accounting	-	(2,650)	530	530	530	530	530	-
Westwood Transit Garage Accounting Difference	-	-	-	-	-	-	-	-
(4) Downtown Workspace Optimization	-	-	(575)	(8,110)	(10,458)	(3,508)	(50)	22,701
Reserve Balance	\$ 19,720	\$ (34,765)	\$ (34,020)	\$ (40,810)	\$ (49,948)	\$ (50,607)	\$ (47,808)	\$ 19,720

Interim Financing Reserve Highlights:

Reserve deficit peaked in 2019 - (\$40,556).

In 2036 the reserve is forecasted to reach a positive position, offsetting prior year accumulated shortfalls.

In 2048 the reserve is forecasted to accumulate sufficient funds to cover the remaining debt servicing costs to the end of 2051.

Notes:

- (1) As per the Downtown Arena Ticket Surcharge Agreement, annually \$1.5 million in ticket surcharge revenues are transferred to the Rogers Arena Capital Reserve to be used for ongoing major arena capital expenditures.
- (2) Other revenues include redirected tax-levy contributions and parkade property tax revenues.
- (3) On November 27, 2018 report CR_6492 Downtown CRL Update was presented to City Council. In this report it was noted that the parking revenues originally forecasted to cover part of the debt servicing costs for the Downtown Arena were not realized. City Council approved the recommendation in the report to use Capital City Downtown Community Revitalization Levy to fund the portion of Downtown Arena debt that was originally intended to be funded through incremental parking revenues.
- (4) The total projected cost of the "Downtown Workspace Optimization" project is \$22.7M, with the funding source listed as the Interim Financing Reserve, to be repaid with sales proceeds and operating budget savings from the disposition of Chancery Hall and Century Place.