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Date December 14, 2022 **Report No.** 2022-715

To Chair and Members
Finance Committee

From Joelle Daniels
Director of Finance/City Treasurer

1.0 Type of Report

Consent Item ☐
Item For Consideration ☒

2.0 Topic Allocation of One-time 2022 Surplus Items [Financial Impact - \$6,551,835 transfer to reserves]

3.0 Recommendation

- A. THAT report 2022-715 titled Allocation of One-time 2022 Surplus Items BE RECEIVED; and
- B. THAT the necessary By-law to establish a Hospital Redevelopment Reserve Fund BE PRESENTED to City Council for adoption; and
- C. THAT one-time revenues received in 2022 BE ALLOCATED as follows:
 - i. \$812,525 to the Council Priorities Reserve (RF0558) and be subsequently transferred to offset the 2023 Budget
 - ii. \$5,739,310 to the Hospital Redevelopment Reserve Fund.

4.0 Executive Summary

In 2022, the City has been the recipient of unforeseen one-time revenues that were not budgeted for. These revenues include premium refunds from both WSIB and the City's benefit carrier, largely related to decreased claims during

the COVID-19 pandemic. As the sole shareholder of the former Brantford Energy Corporation (BEC), the City also received a special close-out dividend prior to BEC's merger with Grandbridge Corporation. In total, these one-time revenues amount to \$6,551,835.

In June, representatives from the Brant Community Healthcare System (BCHS) updated City Council on its redevelopment plans, indicating a local contribution estimated to be between \$130-\$200 million would be needed over the next fifteen years. Staff is recommending a large portion of these one-time revenues be allocated as an initial contribution to a new Hospital Redevelopment Reserve Fund. The remaining amount is being recommended to be carried over to the 2023 budget to align the current budgeted dividend revenue from Grandbridge Corporation with the anticipated phased-in dividend schedule.

5.0 Purpose and Overview

The purpose of this report is to update the Finance Committee on one-time revenues received in 2022, and make recommendations for allocating these amounts.

6.0 Background

In March 2022, the Province approved advancement of the planning for the redevelopment of the BCHS. The Province committed \$2.5 million dollars to support the BCHS moving to Stage 1 in the planning process, signaling support for the expansion of the hospital. In a presentation to City Council on July 26th, representatives from the BCHS indicated that preliminary cost estimates for the redevelopment are approximately \$1.3 Billion plus the costs to provide for patient equipment. A 10% municipal contribution to the overall project will be required.

In May 2022, Brantford Energy Corporation (BEC) merged with Cambridge North Dumfries Energy Solutions Inc. to create Grandbridge Corporation, for which the City of Brantford has 41% share ownership. The merger is expected to produce much greater dividends to the City than previously received from the former BEC. An estimate of this increase was included in the 2022 operating budget based on pre-merger draft documents, however, to align the current budgeted dividend revenue from Grandbridge Corporation with the anticipated phased-in dividend schedule post-merger, a portion of the special BEC close out dividend is needed to be transferred to the 2023 budget.

Staff previously prepared a mid-year actual to variance forecast report for the September Finance Committee. That report identified the one-time surplus amounts included in this report, in addition to an estimated surplus from normal operations of just over \$1 million. This report recommends the use of these one-time revenues.

7.0 Corporate Policy Context

Desired Outcome #4 of council's Priorities is "There is high trust in the City through demonstrated progress in taxpayer affordability and value for money".

8.0 Input From Other Sources

N/A

9.0 Analysis

The significant one-time sources of revenue received in 2022 that are the subject of this report are summarized in Table-1 below.

Table 1 - Summary of One-time Revenues

Revenue Source	Amount	Explanation
WSIB Refund	\$1,181,239	WSIB announced in February that an operational surplus of \$1.5B would be shared with all eligible employers. The total refund received by the City was \$1,331,239, less \$150,000 that Council approved to fund an Employee and Family Assistance Program.
Refund of Unrestricted Deposit Account (Manulife)	\$1,970,596	Accumulated amount of premiums paid in excess of claims and admin costs that is available to be refunded to the City from Manulife.
Special Closeout Dividend	\$3,400,000	Brantford Energy Corporation provided a closeout dividend to the City in April totaling \$4.55M, which was \$3.4M higher than budgeted.
Total 2022 One-time Surplus	\$6,551,835	

Staff is recommending that the one-time surplus identified in Table-1 be allocated as follows:

- \$812,525 – transfer to the Council Priorities Reserve and be transferred into the 2023 budget. This contribution is necessary in 2023 to align the current budgeted dividend revenue from Grandbridge Energy Corp. with the anticipated phased-in dividend schedule to ensure no negative impact on the 2023 operating budget.
- \$5,617,652 – transfer to a newly established, interest bearing Hospital Redevelopment Reserve Fund.

The BCHS Foundation is undertaking fundraising efforts to provide for the necessary 10% local contribution to the overall costs of the project. The local contribution is estimated to be between \$130-200 Million. To meet this goal, it is expected that the City and County will be required to make significant financial contributions. To initiate the City's commitment to this project, staff is recommending that a portion of one-time revenues received in 2022 be transferred to a newly established Hospital Redevelopment Reserve Fund.

10.0 Financial Implications

Staff is recommending that one-time revenue items identified in this report totaling \$6,551,835 be allocated as follows:

- 1) \$812,525 – transfer to the Council Priorities Reserve and be transferred into the 2023 budget
- 2) \$5,617,652 – transfer to the Hospital Redevelopment Reserve Fund

Staff will bring a report regarding a full funding strategy for the hospital redevelopment plan to the new Council in 2023, with options to limit the amount of levy funding required to support the redevelopment project.

11.0 Climate and Environmental Implications

There is no climate or environmental implications associated with this report.

12.0 Conclusion

This report recommends the transfer of one-time revenue items received in 2022 to both the Council Priorities Reserve (to offset 2023 budget pressures) and a new Hospital Redevelopment Reserve Fund.



Joelle Daniels
Director of Finance/City Treasurer

Attachments (if applicable)

n/a

Copy to:

n/a

In adopting this report, is a by-law or agreement required? If so, it should be referenced in the recommendation section.

By-law required ☒ yes ☐ no

Agreement(s) or other documents to be signed by Mayor and/or City Clerk ☐ yes ☒ no

Is the necessary by-law or agreement being sent concurrently to Council? ☒ yes ☐ no