



AMHERSTBURG AUDIT AND FINANCE COMMITTEE

March 8, 2017 Town Hall Board Room

6:00 PM

AGENDA

- 1. Call To Order**
- 2. Disclosure of Pecuniary Interest & General Nature thereof**
- 3. Approval of agenda**
- 4. Adoption of Prior Minutes- November 8th and November 22, 2016**
- 5. Discussion of 2016 Accomplishments and 2017 Goals**
- 6. Libro Centre Review**
- 7. Update on Duffy's acquisition**
- 8. Correspondence**
- 9. Unfinished business**
- 10. New business**
- 11. Adjournment**
 - Moved by
 - Seconded by

That the committee rise and adjourn at __PM



AMHERSTBURG AUDIT AND FINANCE COMMITTEE

November 8th, 2016 Town Hall Board Room

6:00 PM

MINUTES

PRESENT: John Purdie - Chair
Todd Langlois - Vice Chair
Terry Hall
Leo Meloche, Council Liaison
Robert Auger
Justin Rousseau, Staff Liaison
Rick Fryer, Council Liaison

ABSENT:
Mike Scherer

OTHERS PRESENT: Tammy Folks, Town Deputy Clerk

1. **Call To Order**

The Chair called the meeting to order at 6:04 PM.

2. **Disclosure of Pecuniary Interest & General Nature thereof**

There were no disclosures of pecuniary interest noted.

1. **Approval of agenda Approval of agenda**

Moved by Leo Meloche

Seconded by Todd Langlois

That the agenda of this meeting be approved.

The Chair put the Motion.

Motion Carried

2.

3. Adoption of Prior Minutes – September 21, 2016

Moved by Leo Meloche

Seconded by Terry Hall

That the prior minutes of the committee meeting be approved.

The Chair put the Motion.

Motion Carried

4. Discussion of 2017 Budget

Discussion and work took place on the Committee report for the 2017 budget the following Direction was given to the staff liaison:

Direction to update comparative numbers from the prior year's report

Direction to confirm dates and time for presentation

5. Correspondence

Correspondence was received that Mike Scherer will be stepping down as the Chamber Representative

6. Unfinished business

There was discussion about completing the work on the Libro Centre

7. New business

None noted

8. Adjournment

Moved by Todd Langlois

Seconded by Terry Hall

That the committee rise and adjourn at 8:20 PM



AMHERSTBURG AUDIT AND FINANCE COMMITTEE

November 22th, 2016 Town Hall Board Room

6:00 PM

MINUTES

PRESENT: John Purdie - Chair
Todd Langlois - Vice Chair
Terry Hall
Leo Meloche, Council Liaison
Robert Auger
Justin Rousseau, Staff Liaison

ABSENT:
Mike Scherer
Rick Fryer, Council Liaison

OTHERS PRESENT: Tammy Folks, Town Deputy Clerk

1. **Call To Order**
The Chair called the meeting to order at 6:15 PM.
2. **Disclosure of Pecuniary Interest & General Nature thereof**
There were no disclosures of pecuniary interest noted.

1. **Approval of agenda Approval of agenda**

Moved by Leo Meloche
Seconded by Robert Auger

That the agenda of this meeting be approved.

The Chair put the Motion.

Motion Carried

2.

3. Discussion of 2017 Budget

Discussion and work took place on the Committee report for the 2017 budget.

Moved by: Leo Meloche

Seconded by: Robert Auger

That the 2017 Budget report be approved with the changes discussed

The Chair put the Motion.

Motion Carried

4. Correspondence

None noted

5. Unfinished business

None Noted

6. New business

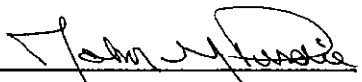
None noted

7. Adjournment

Moved by Leo Meloche

Seconded by Todd Langlois

That the committee rise and adjourn at 11:01 PM


Chair – John Purdie


Staff Liaison– Justin Rousseau



THE CORPORATION OF THE TOWN OF AMHERSTBURG

Audit and Finance Advisory Committee

MISSION STATEMENT:

Author's Name: Justin Rousseau	Report Date: 3/08/2017
Author's Phone: 519 736-0012 ext. 2259	Date to Council: 3/20/2017
Author's E-mail: jrousseau@amherstburg.ca	Classification #:

To: Mayor and Members of Town Council

Subject: Audit and Finance Advisory Committee 2016 Achievements and 2017 Goals

1. RECOMMENDATION:

It is recommended that:

- 1. Report from the Audit and Finance Advisory Committee dated 3/08/2017 regarding Audit and Finance Advisory Committee 2016 Achievements and 2017 Goals report **BE RECEIVED FOR INFORMATION.**

EXECUTIVE SUMMARY:

N/A

2. BACKGROUND:

The Audit and Finance Advisory Committee (Committee) was established in May of 2015 by the Town of Amherstburg (Town). The seven member committee is comprised of professionals with accounting (2) and legal (2) designations in addition to two members of Town of Amherstburg Council (Council) and a representative from the Amherstburg Chamber of Commerce. Per the terms of reference the committee mandate is "to consider matters related to the Town of Amherstburg financial affairs and report its findings, opinions and recommendations to Council."

Over the past two years the Audit and Finance Advisory committee has undertaken some very new initiatives for the Town of Amherstburg. The following is an update of the achievement of the past year and the goals for the year to come.

3. DISCUSSION:

In 2016 the 3 major accomplishments and initiatives for the committee was as follows:

- The report and presentation to Council on the 2017 Operating, and Capital
- The Continued work for a financial review on the Libro Centre.
- Stakeholder Input into the Town's Strategic Plan

2017 Budget Review

The Committee prepared a report for Council giving recommendations on the 2017 Budget and some of the major items within the budget. The committee was able to share its opinion on the focus of the municipality allocation of budgetary funds.

Valuable regional benchmarking was brought to Council attention in the report with regards to the tax rate. As well as alternative financing strategies. The Committee also reviewed the Town's staffing report outlining the need for additional resources within the organization; the committee shared its recommendations on this report and its opinions on staffing request.

Libro Centre Review

The Committee undertook the preliminary comparison of Libro Centre operational budget and actual results since its completion in 2010. It also compared the Libro Centre's operational budget and actual results with a neighbouring complex. After the preliminary review the committee wanted to compare it to other neighbouring and like complexes from around the province. There was also a request for some additional information on utilization rates. At the current point in time the Committee is still working on this initiative and updating based on the current operating results and challenges at the Libro Centre.

Strategic Plan Input

The Committee was presented with the Town's 5 year strategic plan prior to Council adoption and was able to offer comments and opinions on the Strategic direction of the Town. The committee provided input on the Investment in Infrastructure and Fiscal Sustainability pillars in the plan.

For 2017 the 3 main goals of the committee are as follows:

- Completion of the Libro Centre Review
- 2018 Budget Review

- Development of the Long Term Financial Plan in conjunction with the Strategic Plan

Libro Centre Review

The Committee would like to complete the work on the review that began in 2015.

The committee would like to focus on utilization rates and ideas how to generate additional revenue to cover expenditures.

2018 Budget Review

The Committee goal is to work with the staff liaison to ensure a budget report similar to the one provided for 2017 is made available to Council on the first day of Budget deliberations which is currently scheduled for November 28th 2017.

Development of the Long Term Financial Plan

On December 15, 2014 Council was presented with the Strategic Financial Plan Discussion Paper, it outlined financial models and cash flow projections for the municipality.

Shortly after this the Town began planning for a Community Strategic Plan, This plan is was presented to Council and the Community in September of 2016. Now Strategic Plan is approved by Council, The next step is to take the results of the Strategic Plan and tailor the Strategic Financial Plan and the allocation of funding resources to deliver the desired results of the Community Strategic Plan.

The Committees goal is work provided insight into this process to help provided a financial strategy for the Town to follow to achieve the desired goals and objectives of the community.

4. RISK ANALYSIS:

There is no risk associated with this report.

5. FINANCIAL MATTERS:

None noted

6. CONSULTATIONS:

The report was presented and approved by the Audit and Finance Committee on March 8th 2017

7. CONCLUSION:

The report is prepared for Council for information.

John G Purdie CPA, CMA
Chair

Justin Rousseau
Director of Corporate Services/Treasurer

Giovanni (John) Miceli
Chief Administrative Officer

JR

APPENDICES:

DEPARTMENTS/OTHERS CONSULTED:

Name:

Phone #: 519 ext.

NOTIFICATION :

Name	Address	Email Address	Telephone	FAX



THE CORPORATION OF THE TOWN OF AMHERSTBURG
OFFICE OF PARKS, FACILITIES, RECREATION & CULTURE

MISSION STATEMENT:

Author's Name: Giovanni (John) Miceli, Sandy Lindsay & Rick Daly	Report Date: November 15, 2016
Author's Phone: 519 736-5712 ext. 2126	Date to Council: November 29, 2016
Author's E-mail: jmiceli@amherstburg.ca slindsay@amherstburg.ca rdaly@amherstburg.ca	Resolution #: N/A

To: Mayor and Members of Town Council

Subject: Libro Centre Financial Update

1. **RECOMMENDATION:**

It is recommended that:

1. The report from the CAO, Manager of Facilities and Manager of Recreation Services dated November 15, 2016, regarding Libro Centre Financial Update **BE RECEIVED**;
2. The requested funding for the Libro Centre **BE CONSIDERED** during the 2017 Operating Budget Deliberations;
3. Administration **BE DIRECTED** to develop a programming plan to utilize the dry floor surface in both rinks between the months of May and July;
4. The Treasurer **BE AUTHORIZED** to establish the Multiuse Complex Capital Reserve
5. A facility surcharge **BE APPROVED** for the Libro Centre to fund the Multiuse Complex Capital Reserve; and,
6. Savings realized in utility costs from dry programming **BE TRANSFERRED** to the Multiuse Complex Capital Reserve.
7. Administration **BE DIRECTED** to consult with stakeholders and prepare a surcharge schedule for Council approval for all rentals at the Libro Centre.

EXECUTIVE SUMMARY:

The Libro Centre is a state-of-the-art facility that the Town and residents take great pride in. The facility is well utilized and enjoyed by a large number of user groups and individuals. However, since opening, the facility has been operating on a budget that does not adequately provide for a level of service that citizens have become accustomed to and expect.

Avoiding timely maintenance and inspections in effort to stay on budget presents several risks such as loss of the facility LEED Certification, deferred and inflated “unbudgeted” repair and maintenance costs, further deterioration of the facility and most importantly citizen safety. In an effort to avoid these risks, Administration has provided three alternative options that may assist in the reduction of the overall operating costs of the Libro Centre for Council’s consideration.

2. BACKGROUND:

Leadership in Energy and Environmental Design (LEED) is a rating system devised to evaluate the environmental performance of a building and encourages market transformation towards sustainable design. Projects earn points for environmentally friendly actions taken during construction and use of a building.

To maintain LEED Certified accreditation, the facility requires re-certification every five years. This requires demonstration of compliance for the entire period of time from the project’s previous certification and requires administration to continuously assess the environmental performance of their buildings. Failure to comply with these requirements puts the LEED certification at risk.

The Libro Credit Union Centre (Libro Centre) is a LEED-Silver certified, state-of-the-art building that opened in 2010. Encompassing approximately 165,000 square feet, the Libro Centre provides a wide variety of amenities that suit the needs of our community.

LEED is a voluntary program; however, prior to construction the Town committed to obtaining a LEED certification for the Libro Centre. Obtaining a LEED certification projects a positive environmental image to the community. Additionally, using many green building practices can result in better indoor air quality and energy and cost savings over the life of the structure.

The Libro Centre Indoor features:

- two NHL-sized ice pads
- sledge hockey compatibility
- goalie/shooting/training rink
- 16 dressing rooms (8 dressing rooms are AODA accessible)
- indoor turf regulation soccer field
- walking track
- tournament room
- concession facility with food court
- meeting and banquet facilities

- leasing space
- community kitchen
- recreation zone
- On-site sports shop with skate sharpening

The Libro Centre Outdoor features:

- premier baseball diamond
- Miracle League diamond - specially designed to make mobility easier for children with walkers and wheelchairs
- 20 soccer fields - festival ready for all age categories
- turf field for football or soccer
- field house
- horseshoe pits
- outdoor concession facilities
- dressing rooms and AODA accessible washrooms

With a facility of this size and complexity, there is a constant need for preventative maintenance. There are also unexpected operational costs and pressures that will arise. As the building ages these needs and pressures only increase as major building components start to fail and require replacement. For example, much of the mechanical equipment used in such facilities are designed by manufacturers to meet American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) standards and have a life cycle expectancy of 20 years. This life cycle is determined with established preventative maintenance occurring. With much of the budget reductions experienced at the Libro Centre since opening, preventative maintenance has been minimized and the Town has adopted a reactive method of maintenance.

This is not a problem unique to Amherstburg. A high level comparison of arena operating costs of other local Municipalities, that offer similar facilities and offer similar programming, confirmed the financial pressures and lack of capital reinvestment is a common factor.

It should be noted that Lasalle recently completed a detailed review of their Recreation operations, which has resulted in a proposal to significantly increase their Recreation User Fees in 2017. Council may elect to take a similar path or address service levels or a combination thereof.

3. DISCUSSION:

On August 8th 2008, a special public meeting was held at the Verdi Club for a presentation from Nustadia, the Town engaged consultants. Nustadia presented a feasibility study regarding the viability of a Multi-Use Recreation facility for the Town of Amherstburg. There were also presentations from the then Manager of Recreation Services and Supervisor of Budget Services, as well as many user groups and residents. (see Appendix A)

This presentation included a financial estimate that showed projected revenues at \$1,248,900 for the multi-pad-plus indoor facilities, with an estimated operating cost

before debt repayment of \$938,250 and a projected surplus of \$310,650 to service any debt repayment. This meeting began the process of the development of the building now known as the Libro Centre.

From August 8th 2008 to its opening in December 2010, the community rallied behind the project and fundraising and grant efforts took place to make the new facility a reality for the citizens of Amherstburg.

In 2011, the Town set a budget for the first year of operations of the new facility. The budgeted revenue was set at \$1,239,800 which was consistent with the projections from Nustadia. The actual revenue recognized was \$682,941; this created a revenue shortfall of (\$556,859). From an expenditure standpoint 2011 had a proposed budget of \$1,220,328; the actual costs came in at \$1,532,657, a budget shortfall of (\$312,329). The Libro Centre overall, year-end variance for 2011 was a deficit of (\$869,188).

	Nustadia Suggested Budget	2011 Budget	2011 YE Actuals	2011 YE Variance
Revenue	\$1,248,900	\$ 1,239,800	\$ 682,941	(\$556,859)
Expenses	\$ 938,250	\$ 1,220,328	\$ 1,532,657	(\$312,329)
Year End:	\$ 310,650	\$ 19,472	(\$ 849,716)	(\$869,188)

These results are significantly different than the projected operating surplus of \$310,650, originally presented by Nustadia. This resulted in change net in position from budget to actual of (\$1,179,838). It is also important to note that no provision was made in the operating budget for the future replacement of major equipment or major facility capital replacements going forward into a reserve. The purpose of such a contribution would be to mitigate the impact on future rate payers for the facility. Typically, such contributions are 1% to 2% of the construction cost of such a facility. The cost of the facility was \$24,770,418 and therefore the range of the annual contribution would be \$247,704 to \$495,408 and would have increased the operating deficit accordingly to \$1,116,892 and \$1,364,596.

This was the town's first indication that the revenue and expense projections presented during the business case for the arena would not be a realistic outcome to expect with this new facility. Accordingly, decisions were made by Council (both current and future) and managers of municipal facilities to endeavor to run the facility as lean as possible and minimize the impact on ratepayers. It appears that all involved believed that running the facility as lean as possible was the most appropriate solution and decisions were made to support such an outcome.

After 2011, budgets were significantly adjusted, specifically on the revenue side. Budget to actuals figures stabilized in 2012-2015 without significant variances to the organization, however in the years 2014 and 2015 as financial constraints became a concern for the organization, the Libro Centre budget was reduced in an effort to reduce spending. The reduced budget makes it difficult to effectively maintain the building at an appropriate level of standard without producing a deficit variance at year end.

Going forward, this issue must be addressed. There are challenges that are being experienced in the operation of the Libro Centre, affecting the mechanical and refrigeration systems of the facilities. User groups such as the seniors have come before Council with complaints regarding inadequate heating/cooling issues that have been present since inception. As a result, Council has earmarked \$25,000 for administration to address the issue. Other user groups such as the Amherstburg Admirals and AMHA have had concerns with the quality of ice.

As a result of the mechanical and refrigeration concerns of the facility, Administration has engaged the services of Mechanical Engineer Mark Kurzuk of Fieldcraft Engineering Ltd to review the performance and operation of the facility's mechanical systems and return the building to its LEED status operation when previously commissioned. Fieldcraft has advised that this process will take several months to complete.

In an effort to provide Council options for consideration that may assist in the reduction of the overall operating costs of the Libro, Administration has reviewed the following options:

1. Do nothing and continue operation as is resulting in status quo budget request.
2. Increase revenues through increased user fees and/or alternative programming, resulting in either reduced operating costs or the development of a reserve to address future facility requirements.

Administration supports the development of a reserve to ensure that the current and future users of the facility are contributing to funding the future replacements. It should be noted that ice rentals account for approximately 82% of the rental revenue. For illustrative purposes the report will only address the ice rental component of the facility however, Council may wish to apply a surcharge to all rentals at the facility including indoor soccer and outdoor sports field rentals. The following chart summarizes ice hours rented at the Libro Centre for each full year.

Year	Movati Rink Rental Hours	Rink A Rental Hours	Goalie Rink Rental Hours	Total Rental Hours
2013	2,458.5	2,020.5	547	5,026
2014	1,920	2,428	711	5,059
2015	2,254.25	2,286.25	706	5,246.5
2016	2,198.75	2,058.75	705	4,962.5
Average	2,207.875	2,198.375	667.25	5,073.5

For illustrative purposes, the following chart indicates the impact a surcharge will have on revenue generation for total hours rented at the facility:

Total Average Hours	\$5.00 Surcharge	\$10.00 Surcharge	\$15.00 Surcharge
5,074	\$25,370	\$50,740	\$76,110

Should Council adopt the surcharge model, all revenues will be collected to fund the Multiuse Complex Capital Reserve. The purpose of the reserve is to provide funding for capital expenditures and the future replacement of the facility.

3. Reduce service levels and hours of operation thus reducing operating costs resulting in reduced budget request.

In this option Administration believes that Council may wish to consider the time period ice is offered to users. It should be noted that Ice Rentals include Goalie Pad rentals and rentals during the summer months when ice is removed from the rinks and replaced with a dry floor rental opportunity. Of the \$575,000 projected to be gained through ice rental for the year, the following is a breakdown of summer ice rental (April – August) for 2016, not including dry floor rentals:

	Movati Rink		Rink A		Goalie Pad Rink		Totals	
	Rental Hours	Revenue @ \$132.53/hr	Rental Hours	Revenue @ \$132.53/hr	Rental Hours	Revenue @ \$32.10/hr	Rental Hours	Revenue
April	0*	\$ 0	145.5	\$19,283.12	65	\$ 2,086.50	210.5	\$ 21,369.62
May	0*	\$ 0	95.5	\$12,656.62	53	\$ 1,701.30	148.5	\$ 14,357.92
June	13*	\$ 1,722.89	9**	\$ 1,192.77	28	\$ 898.80	50	\$ 3,814.46
July	75	\$ 9,939.75	0**	\$ 0	36	\$ 1,155.60	111	\$ 11,095.35
August	209	\$27,698.77	10**	\$ 1,325.30	56	\$ 1,797.60	275***	\$ 30,821.67
Totals	297	\$39,361.41	260	\$34,457.81	238	\$ 7,639.80	795	\$ 81,459.02

* ice was removed beginning of April and put back in on week of June 14th

** ice was removed week of June 5th and put back in week of August 15th

*** majority of ice rented in August for resident hockey camp and AMHA and Admirals tryouts.

As indicated, ice rentals are low during the months of May to July. Revenue generated during this period is calculated at **\$29,267.73**. With all three ice surfaces running, along with all other activity within the Libro Centre, the average cost of utilities is \$49,000 per month + HST for a utility cost of \$147,000 +HST. When one ice surface is removed and a dry floor is substituted in as a rental opportunity, the average cost of utilities is reduced to \$40,000.00 per month + HST. It is estimated utilities for the Libro Centre without any ice production would cost approximately \$20,000.00 +HST per month resulting an estimated savings of \$29,000 per month.

For illustrative purposes, a review of the last four years' May-July Rental Hours demonstrates a downward trend.

May-July for the Year	Movati Rink Rental Hours	Rink A Rental Hours	Goalie Pad Rental Hours
2013	308	43	85
2014	16	331	152
2015	154.5	12	143
2016	88	104.5	117

If the Town was to shut down the ice making plant between the months of May and July, an estimated cost savings on utilities alone would be approximately \$87,000.00. Administration further recommends that any savings in utilities should be used as an

additional funding source to fund the Multiuse Facility Capital Reserve. In addition, other savings or benefits that may be realized are:

- Reduced staffing levels or repurposing staff for other municipal purposes
- Reduced wear and tear on refrigeration system and pumps therefore extending the useful life of the equipment
- Opportunity for annual maintenance and inspections outside of operating hours

Should Council choose to move forward with this option, Administration will explore new recreation programming opportunities utilizing the second dry floor surface. Possible opportunities include:

- Ball Hockey Leagues and tournaments (adult and youth)
- In Line Hockey Leagues
- Added Pickleball courts (would now have ability to run tournaments and leagues)
- Parent/Tot Activity Centre
- Basketball/Dodgeball Leagues
- Indoor Tennis Camps/Leagues
- Other rentals e.g. home shows, auctions, etc

Revenue would be generated from these new opportunities that would offset the loss of revenue that is generated from ice rentals, while at the same time adding to the overall cost savings in the operation of the Libro Centre in the summer months and maximizing use of the facilities.

4. RISK ANALYSIS:

As discussed, LEED re-certification for the Libro Centre is at risk should the building not be maintained at the level of standards required. Over the past several years, decisions have been made independent of the system design and performance requirements that were driven primarily from a financial perspective which have now impacted the systems performance. As a result, a re-commissioning and rebalancing of the building system is necessary to return the facility to the LEED certified and commissioned design. Failure to do will result in loss of the LEED certification and accordingly will impact the performance of the building's mechanical system and result in increased operating and capital costs.

Financial risks exist should the Municipality run into a scenario in which town-wide budgetary dollars cannot sustain a departmental variance of this size. In other words, annually, the other departments will collectively need to produce a surplus at year end which is large enough to cover the deficit produced at the Libro Centre. Should this not occur, the tax stabilization account may be required as a funding source in order to prevent increases to the tax rate. This practice is not sustainable and will eventually deplete the reserve, thus the need to create a self-sustaining reserve for the Libro Centre. The reserve should be funded by users of the facility to ensure the ongoing sustainability of the facility.

Future Libro Centre budgets should be adjusted to prevent this scenario and to ensure proper preventative maintenance programs are being done to prolong the life of this significant asset.

Preventative maintenance is a mitigation measure not only used to ensure the longevity of municipal infrastructure; it is also used to ensure the safety of facility users. If the facility is allowed to further deteriorate, the risk of personal injury increases. Both the facility and the safety of its users are of the utmost importance to the organization.

5. FINANCIAL MATTERS:

The 2016 expense budget for Libro Centre is \$329,258 lower than it was in 2013 and 2016 projected costs have increased by \$13,484, for the same period. This would indicate that the budget has been adjusted to a level below what the service levels and the facilities require to successfully operate.

There are several factors that make developing the budget for a facility such as the Libro Centre challenging: programing usage, utilities, staffing needs, etc.

Budget to Actuals comparison of Total Expenses-Libro Centre, over the past 4 years are as follows:

Year	Budget	Year End Actuals	Year End Variance Surplus/(Deficit)
<i>*2017</i>	\$ 1,622,666		
<i>**2016</i>	\$ 1,111,920	\$ 1,498,923	\$ (387,003)
2015	\$ 1,368,697	\$ 1,367,672	\$ 1,625
2014	\$ 1,439,618	\$ 1,272,918	\$ 166,700
2013	\$ 1,441,178	\$ 1,485,439	\$ (44,261)

**Proposed Budget*

***Projected YE Actuals and Variance*

2016 Budget to Actuals-By Category of Expenses-Libro Centre:

Expense Category – Libro Centre	Proposed 2017 Budget	2016 Budget	Actual as at Sept 30, 2016	Projected Year End Actuals	Projected Year End Variance
Salaries, Wages & Benefits	\$ 836,496	\$ 575,762	\$ 502,543	\$ 657,414	\$ (81,652)
Benefits	253,470	171,950	118,764	180,891	(8,941)
Allocation of Salaries and Benefits to Facilities	(220,000)	(149,542)	(112,157)	(149,542)	-
General Expenses	102,000	32,750	93,970	112,958	(80,208)
Building	634,700	464,000	565,872	681,202	(217,202)
Equipment and Vehicles	16,000	17,000	10,867	16,000	1,000
Total Expenses – Libro Centre	\$1,622,666	\$1,111,920	\$1,179,859	\$1,498,923	\$(387,003)

The projected year-end variance for the Libro Centre expenses is (\$387,003), due to unexpected repairs and rising utilities cost, as well as variances in staffing cost. The projected deficit is broken down into two areas: Salaries, Wages & Benefits which make up (\$90,593) of the variance, and General Expenses, Building, Equipment and Vehicles – which make up the remaining (\$296,410) deficit.

Salaries & Wages, Benefits: (\$ 90,593)

The projected year end staffing costs are consistent with prior years; however there was a \$107,235 decrease in the 2016 budget in this area from 2015, resulting in a projected year end deficit of (\$90,593). Both Libro Centre staff and Facilities Operations staff are combined in this data. Facility staffing costs are re-allocated to Facility Operations each pay period at a fixed amount, which offsets the staffing costs and is factored into these calculations. Unbudgeted, full-time positions were established in 2016 through Collective Bargaining. Administration has adjusted the 2017 Proposed Budget for staffing costs accordingly.

Moving forward, the staff will be doing some work in-house that was previously performed by outside contractors, as the Town is in the process of hiring skilled labour positions, a plumber and an electrician.

General Expenses, Building, Equipment & Vehicles: (\$ 296,410)

	2016 Budget	Projected YE Variance
Utilities	\$ 360,000	\$ (130,000)
Contracted Services	9,000	-
Misc. Expenses (Training, Office Supplies, etc)	23,750	-
Bldg Repairs & Maintenance & Programming Materials	104,000	(167,410)
Equipment & Vehicle Maintenance	17,000	1,000
Totals:	\$ 513,750	\$ (296,410)

Utilities

There is a \$513,750 operating budget relating to the costs of maintaining and operating the building and/or facilities. Utilities make up the most of this budget at \$360,000 and also contribute a (\$130,000) deficit to this year-end projected (\$296,410) variance, with a year-end projected total cost of \$490,000, which is an approximately \$10,000 increase over 2015.

Contracted Services

The \$9,000 Contracted Services budget relates to routine contracts for pest control, mats throughout the building, drinking water, disposal services and telecommunications. The year-end cost for these contracted services will be within budget, with no variance projected.

Miscellaneous Expenses

There are miscellaneous expenses such as clothing, health & safety, training, office supplies, etc. that are trending to be on budget with no variance projected.

Building Repairs and Maintenance & Programming Materials

The Libro Centre building and programming budget is \$104,000. The costs for building repairs, maintenance and programming materials are trending a year-end deficit of (\$160,202).

	Expenses as at Sept 30, 2016
Unexpected Repairs	\$ 66,823
Miscellaneous Building Maintenance	52,132
Programming Materials: Sportsfields & Ice	29,130
Fire Protection/Sprinkler System	16,883
Total as at Sept 30, 2016:	\$ 164,968

Unexpected Repairs: \$66,823

These repairs are not routine in nature and not considered routine maintenance repairs.

There were a number of leaks in the system related to the association refrigeration piping that caused further leaks and eventually caused leakage to the glycol system, resulting in various pressure fluctuations. A complete shut-down was necessary to complete the costly repair to the entire refrigeration system.

In addition to the refrigeration issues, there was a costly repair required to the Fieldhouse electrical system.

In early 2016, due to a significant rainfall, the ground was saturated causing damage to a previously repaired electrical line from the Libro Centre to the Fieldhouse, which houses the building management system. This computerized system is used for the baseball, soccer/football field lighting and associated power and lighting to the Fieldhouse itself.

The necessary repairs were completed. However, the cost to replace the circuit boards of the building management system was estimated in excess of \$10,000. To mitigate some of these replacement costs, the decision was made to replace the system with a manual system at a lower expense.

Miscellaneous Building Maintenance: \$52,132

These costs relate to janitorial supplies, parking lot maintenance, entranceway repairs, and routine inspections, heating & cooling system, the boiler and the facility plumbing. These are costs that are to be expected on an annual basis.

Programming Materials: \$29,130

These costs relate to the materials required for the program activities at the Libro Centre. For example, the paint for the field lines and glass repairs to the arena boards. Again, these are expected annual costs related to the business of programming recreational activities.

It should be noted, moving forward, the staff (where feasible) will be doing some work in-house that has typically been performed at a higher cost, by outside contractors, for example, painting the ice surfaces. Painting and logo installation for the three ice pads could cost upwards of \$8,000. In 2016, the Libro Centre purchased ice painting equipment and staff is being trained to perform this work in-house, which will reduce the overall cost to the Town.

Fire Protection/Sprinkler System: \$16,883

Annual inspections of fire protections systems such as the sprinkler system at the Libro are required under the Ontario Fire Code.

Several deficiencies were noted in the annual inspection from previous years and discussions with the Deputy Fire Chief took place. Administration from the Libro Centre was informed that the deficiencies noted required repair and there was no extension of time given to complete these repairs.

These fire code deficiencies are a violation of the Ontario Fire Code and are also a health and safety concern for staff and the public who attend the Centre. Not completing these deficiencies was not an option and thus, they were completed in 2016.

Equipment and Vehicle Maintenance

Equipment and Vehicle Maintenance budget is \$17,000. This area is trending a slight surplus of \$1,000 for year-end.


6. CONSULTATIONS:

Justin Rousseau, Director of Corporate Service/Treasurer
Bobbi Reive, Financial Planning Administrator
Lee Tome, Deputy Fire Chief

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7. CONCLUSION:

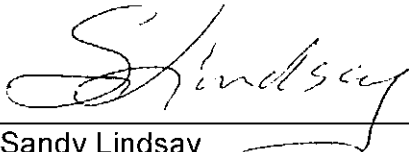
A full service delivery and cost analysis is required to continue to address operating costs of the Libro Centre; furthermore the establishment of a Multiuse Complex Capital Reserve is necessary to assist in the long term maintenance and replacement of capital items at the facility. This facility is a significant community asset that if not maintained will continue to experience operational and capital challenges in the future.



Giovanni (John) Miceli
C.A.O. & Acting Director Parks, Facilities, Recreation & Culture



Rick Daly
Manager, Recreation Services



Sandy Lindsay
Manager, Municipal Facilities

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