



2005 CCLCC Budget Summary 3rd Edition

Prepared for:

**CCLCC Executive
RM of Tache**

Presented:

November 23, 2005

Prepared by:

**Scott Dillabough
Graham Eason**

Table of Contents

Aims and Objectives (Our Mission Statement)	3
Article 2 – Section 1 of the Constitution.....	3
Executive Summary	3
Strategic Plan.....	3
Financial Committee.....	3
Disclaimers.....	3
2005 at a Glance.....	3
Table 2A (2005 Budget at a Glance).....	3
Financial Committee Recommendations	3
Implement a Long Term Plan.....	3
Utilize Cost Center Budgeting.....	3
Budget for Maintenance and Investment.....	3
Increase Rental Rates.....	3
Introduce a Membership Fee.....	3
Utilize Available Grant Money.....	3
Consequences.....	3
Facility Assessment	3
Current State.....	3
2003 Fiscal Performance.....	3
Table 4A (2003 Major Maintenance).....	3
2004 Fiscal Performance.....	3
Table 4B (2004 Major Maintenance).....	3
Cost Centre Breakdown.....	3
Utilities Study.....	3
Table 4C (Electrical Allocation).....	3
Administration & General Costs Study.....	3
Table 4D (Admin & General Expense Allocation).....	3
Operating Costs Study.....	3
Table 4E (Labour Cost Breakdown).....	3
Operational Maintenance Study.....	3
Annual Start Up Costs.....	3
Table 4F (Start Up Costs Allocation).....	3
Routine Maintenance.....	3
Major Maintenance.....	3
Capital Investment Study.....	3

The Capital Budget	3
Table 4G (Capital / year)	3
Operational Requirements	3
RM's Responsibility	3
Power Smart Initiatives	3
Betterment Initiatives (2005)	3
Grounds Redevelopment	3
Facility Life Study	3
Benchmarking Survey	3
Operational Cost Calculations	3
Table 4H (2005 Unit cost)	3
Closing the Gap	3
Arena Youth Rates	3
Curling Rates	3
Soccer Rates	3
The Budget Numbers	3
Operational Expenditures	3
Table 5A (2005 Operational Expenditures)	3
Chart E1 (2005 Expenditures)	3
Operational Revenue	3
Table 5B (2005 Revenue)	3
Chart R1 (2005 Revenue)	3
Acknowledgments	3
Finance committee	3
Reference material	3
Appendix 1	3
5 Year Major Maintenance Plan	3
Appendix 2	3
Capital Investment Items	3

Aims and Objectives (Our Mission Statement)

Article 2 – Section 1 of the Constitution

The object of the Complex Communautaire de Lorette Community Complex is to: stimulate, organize, promote, and supervise the development of recreational and sports activities for the residents of all ages living within the area known in the Municipality of Tache as the Rink District of Lorette (Inner and Outer).

Executive Summary

The CCLCC has faced many challenges over the past number of years, including: roof repairs, basement flooding, temporary trailers and the complete renovation of the basement & change rooms. Overcoming all of these challenges to bring the facility's physical and operational environment back to proper levels, all while maintaining the programs at the facility, has truly been a remarkable feat. The Past President, Jim Hardy, and his board need to be recognized and congratulated for this accomplishment and for doing it as quickly as they did.

A new board was elected in April 2004 and is headed by President Lynne Knelsen. This board immediately realized that they needed to build on the momentum established by the previous one and created a strategic plan for the facility to drive this. The 5 year plan identifies short and long term goals required to ensure that the aims and objectives of the CCLCC, as identified in the constitution, can be met for today and years to come.

Strategic Plan

The plan identifies six main goals the board has for the facility over the next five years. Specific measures required to realize each goal have been identified with targets and due dates. Strategic action items have been developed to accomplish each goal.

The six main goals of the strategic plan are:

1. Financial Stability
2. Grounds Redevelopment
3. Year Round Usage
4. Capital Ventures
5. Succession Planning
6. Improved Communications

Examples of actions items required to achieve these goals are:

1. Increase grants income by finding new sources like Manitoba Lotteries
2. Implement family membership fee
3. Solicit business for advertising
4. Review power smart initiatives
5. Survey other facilities to gather data on financial and operational practices
6. Create alliances with local businesses and organizations
7. Improve efficiencies and sales of the canteen
8. Develop an implementation plan for the grounds redevelopment

Financial Committee

The board’s first and most important goal is to ensure the fiscal health and stability of the facility. It is imperative that the facility not operate at a loss. This is crucial in order to maintain and grow the current level of programs and attractions available at the facility, which are the second and third goals of the strategic plan. A financial committee has been created to assess the current fiscal health of the complex and to create a budget designed to meet this goal.

In order to create a reasonable budget designed to achieve fiscal stability, the financial committee commissioned a full assessment of the facility to better understand the day to day operations. This assessment is 90% complete and has given the financial committee the information needed to create the 2005 budget. The budget was presented to, and approved by, the CCLCC board on January 4th, 2004. Its contents and the various different assessments, studies and other documentation used in its creation are explained and summarized in this document.

Disclaimers

- Some assumptions have been by the financial committee for the purposes of this study and document in regards to what constitutes capital and operational investment, and which should be incurred by the RM or the CCLCC. Further communication and clarification in this area could affect some of the stated estimates.
- The capital estimates identified in this document were done by the financial committee for the purposes of their study. They are not solicited amounts and should not be treated as such.

2005 at a Glance

Operational Revenues	\$237,869.90
Operational Expenses	<u>\$231,289.00</u>
Net Operations	<u>\$6,580.90</u>
Capitol Revenue	\$48,580.00
Capital Expenses	<u>\$71,580.00</u>
Net Capitol	<u>(\$23,000.00)</u>
CCLCC Balance	<u>(\$16,419.10)</u>

Table 2A
(2005 Budget at a Glance)

Financial Committee Recommendations

The following recommendations came out of the financial committee's assessment of the facility. They have been incorporated into the approved 2005 budget.

Implement a Long Term Plan

Financial stability cannot be feasibly accomplished in one year. The road to financial stability not only needs to incorporate revenue growth but also needs to allow for the maintenance and improvement of the facility's health. If this were ignored, then the stability realized today would be erased by the costs that would be incurred in the future due to a deteriorated facility. A long term plan should be put into place that would allow for phased in annual revenue increases and planned maintenance and investment expenditures.

Utilize Cost Center Budgeting

Identify each centre of the facility that currently generates its own revenues or that has future plans to be revenue generating centers. Allocate the appropriate revenues and expenses to each of these cost centers. This will allow each centre to be analyzed independently to determine the cost of its operation and whether it is running at a gain or loss.

Budget for Maintenance and Investment

The current approach to facility maintenance and upgrade is one of "putting out fires". Things get fixed or replaced only when something breaks down. This approach is both inefficient and costly. It results in increased overtime, loss of revenue, increase cost of repairs, and potential unplanned shut downs of the facility. The approach needs to be changed to utilize short and long term plans that focus on preventative maintenance.

Increase Rental Rates

The current rental rates charged to youth sports and curling are well below the actual cost of operating. This practice is referred to as rate subsidization and occurs across all sports that utilize the facility. The rate subsidization is covered by revenues generated from other rentals and the RM's operating levee grant. The use of rate subsidization comes at the expense of maintenance. In order to treat all sports fairly and to properly maintain the facility, this practice needs to be eliminated. The minimum rental rate charged for any user group should be no less than the minimum cost of operation for that cost centre. This will ensure that the cost centre does not operate at a loss. Where rate increases are required, they should be phased-in with moderate increases over a two year period. Where rate increases are excessive, the Board will work with those tenants to determine

alternate ways of obtaining cost neutrality. The general non-subsidized rates need to be at market value and should be increased accordingly.

Introduce a Membership Fee

An annual family membership fee should be introduced in the spring of 2005. All families that participate in any activities that utilize the facility, summer or winter, will be charged a one time annual family membership fee of \$10.

This new fee is in direct response to the results of the Grounds Redevelopment Survey. The survey clearly identified that the public wanted the funding of the redevelopment to be obtained through methods such as user fees and grant money. This fee is intended to go directly towards Grounds Redevelopment and facility betterment initiatives. It will be subject to increases as the facility and its available activities grow.

Utilize Available Grant Money

There are several different types of grants available for use by facilities such as the CCLCC. An example of one is the Manitoba Cultural, Heritage and Tourism's Community Places Grant which is designed to help non profit organizations improve the quality of living within their communities. If approved, we receive a portion of our incurred costs back, up to an identified maximum.

The Board needs to rigorously pursue every opportunity to apply for grants. This includes applying for a federal exemption number for non-profit charitable organizations. This will allow donators to the facility to receive a tax deduction.

Consequences

If the suggested changes are not implemented and the status quo is maintained, then the overall quality and health of the facility will deteriorate. This will jeopardize future generations of sport enthusiast and reduce the overall quality of life to the residents in the RM of Tache.

Facility Assessment

A comprehensive assessment of the operation, maintenance and administration cost of the facility was undertaken by the financial committee. This determined the actual cost of operations for the facility. The following summarize this effort and identify the findings that were used to create the 2005 budget.

Current State

A look back to the two previous financial years was done in order to help determine the current financial state of the facility.

2003 Fiscal Performance

The facility operated at a net loss of approximately \$22,000.00 in 2003. The main reason for this loss was the reduction in the municipal operating levee from \$90k to \$60k. This reduction was unanticipated by the board of the time and therefore no plan was put into place to alleviate the effects of this lost revenue. These losses were absorbed by the facility's reserve fund.

2003 - Major Maintenance Repairs

The major maintenance performed in 2003 is listed below.

Arena ceiling painted	\$10,000
Re-sheeted and repainted canteen wall	\$1500
Repaired arena broken brine line	\$2000
Replaced curling compressor motor	\$3000
Total	\$16,500.00

Table 4A
(2003 Major Maintenance)

2004 Fiscal Performance

The 2004 budget was never completed due to problems with the 2003 accounting process. This process was not rectified until late October 2004. The board anticipated another net loss for 2004 based on the 2003 results.

In order to reduce the anticipated loss, a rough estimation of the operating costs was performed and a rate increase of \$5.00 per hour was levied across the arena youth and all curling groups in September of 2004. This rate increase was done as an initial measure and in anticipation of having a full and proper 2005 budget that

would clearly identify the actual gaps and recommend the additional measures necessary to eliminate the deficit.

The current estimate for 2004 is an \$8,000.00 gain, which is attributed to the revenue growth achieved by the 2004 Winter Carnival, the rate increase introduced in September and the lack of substantial maintenance performed in the year.

It should be clearly noted that this gain includes the \$60,000.00 operation levee received from the RM. Without this levee, we would be and are in fact operating at a loss.

The CCLCC also received payment from Culture Heritage and Tourism for an outstanding grant rebate in 2003. This money was placed into reserves for future betterment projects.

2004 - Major Maintenance Repairs

The following table identifies the major maintenance repairs that were done in 2004. Most of these items were done in response to problems that occurred during the course of facility operations. The total maintenance expenditures for 2004 fall well short of the required maintenance as outlined in the maintenance and investment study. No proactive maintenance was performed for 2004.

Weeping tile repairs	\$1800.00
Zamboni repairs	\$1500.00
Painting	\$1000.00
Brine pump – arena	\$2000.00
Gravel east end	\$450.00
Total	\$6750.00

Table 4B
(2004 Major Maintenance)

2004 - Capital Expenditures

The following capital expenditures were made in 2004. Similar to the maintenance items above, in 2004 the investment of \$28,500.00 into the facility was below the recommended annual amount as outlined in the maintenance and investment study.

1. Rerouting and consolidating the gas meters

The curling gas meter is an industrial meter is charged at a lower rate than the arena meter is. A second charge is also levied against the second meter based on usage that is above a pre-determined cap. Eliminating the arena meter and running all gas through the curling meter will reduce the overall natural gas cost for the facility.

2. Canteen purchases

In an attempt to increase canteen revenues and decrease its operating costs, a pizza warmer and an electric deep fryer were purchased. The pizza warmer was purchased so that we could introduce a new product to the menu and also to replace other rented appliances that were being returned because they were not profitable. The deep fryer was purchased so that it could be used during non-peak attendance hours in place of the main fryer. This was intentionally done to decrease the cost incurred to warm up the oil in the main fryer each time it is turned on.

3. Exterior lighting upgrades

In order to accommodate the safe grad that occurs in the curling hall annually, portable washrooms must be rented and placed outside the building for their use. Exterior lighting needed to be added to the southeast side of the curling building to allow for the students' safe use of these washrooms.

4. Gas Furnaces

High efficiency gas furnaces for heating the canteen lobby, drop-in centre and upstairs hall were installed, replacing the seven 4kw heaters currently being used. The pay back of this initiative is estimated to be three to four years. The install cost came in over budget due to delays, which saw the price of metal increase 25% and to unanticipated fire regulations requiring fire roof enclosures. This initiative came out of the recommendations made in the Manitoba Hydro Power Smart Evaluation, which is detailed later on in this document. The cost incurred is expected to be partially recovered through the Culture Heritage & Tourism grant and possibly the Manitoba Hydro initiative.

5. Curling rink wall

The north wall of the curling rink was insulated, sheathed and painted in order to minimize the temperature variations that were occurring along the bare wall. These variations were adversely affecting the curling ice quality. The cost will be recovered through the Culture Heritage & Tourism grant.

6. Smoke detector and electrical upgrades

The smoke detectors and electrical outlets were upgraded to comply with the Manitoba Liquor Commission codes. This was required before we could be issued the permit to operate the Curling Club bar. The cost will also be partially recovered through the Culture Heritage & Tourism grant.

7. Canteen fire suppression system / extinguisher

The canteen's fire suppression system and portable fire extinguisher were replaced in compliance with the fire inspection done in October. The original equipment was obsolete. The \$1,900.00 cost was covered by the RM.

Cost Centre Breakdown

The facility was studied to determine where current and future revenue generating centers exist. This study indicated 8 separate cost centers. These cost centers are incorporated into the budget enabling the true costs of operations for each center to be determined. The 8 cost centers are as follows:

1. Arena
2. Curling
3. Canteen
4. Bar
5. Hall
6. Drop in (area behind canteen)
7. Grounds
8. CCLCC

Utilities Study

The gas consumption for 2004 was independently metered for the curling and arena centers. This ratio will be used when consolidation of the metering occurs next spring. The consolidation will reduce the overall operating costs. For the 2005 budget the gas expenditure will be allocated to the arena and curling centers only. Future budgets will allocate costs across all the cost centers based on historic consumptions.

An Electrical Audit was performed in September 2004 and determined the following allocation percentages. The electrical consumption will reduce next year in part due to the conversion from electrical to gas heat. An additional study will be performed next September to determine the new ratios.

Arena	Curling	Canteen (& Observation)	Bar	Hall	Drop-in	Grounds	CCLCC
47.75%	18.91%	12.29%	0%	3.36%	1.68%	0%	16.01%

Table 4C
(Electrical Allocation)

Administration & General Costs Study

The administration (computers, phones, bookkeeping, etc...) and general (janitorial, tools, etc...) costs were identified and allocated back to each cost centre based on facility usage. The following table identifies the allocation percentages that were used.

Arena	Curling	Canteen	Bar	Hall	Drop-in	Grounds	CCLCC
64.0%	30.0%	1.0%	0%	1.0%	1.0%	1.0%	2.0%

Table 4D
(Admin & General Expense Allocation)

Operating Costs Study

An analysis of the labour required by the employees of the CCLCC in the day to day operations of the different cost centers was performed. It was determined that each level of employee spent a different portion of their time in the different areas. The Canteen, Bar, Hall and Drop-in cost centers were not included in the allocation of this cost because a very small amount of the employee's time (if any) is spent in these areas. The study recognized that a portion of the Facility Managers time was being spent performing maintenance on the overall facility that is not attributable to any existing cost center. These costs were allocated back to the CCLCC cost center.

Employee Level	Arena	Curling	Grounds	CCLCC	Convening	Admin
Full Time	20.00%	20.00%	10.00%	20.00%	20.00%	10.00%
Seasonal	70.00%	25.00%	0.00%	5.00%	0.00%	0.00%
Part Time	85.00%	10.00%	0.00%	5.00%	0.00%	0.00%
Additional Distribution						
Convening	75.00%	25.00%	0.00%	0.00%		
Admin	Allocated to all cost centers using percentages identified in the Admin & General Expense Allocation Table 1B					

Table 4E
(Labour Cost Breakdown)

Operational Maintenance Study

The different maintenance facets involved in operating the facility and the different cost centres were identified and are detailed here.

Annual Start Up Costs

Set up and maintenance costs are incurred by various cost centres prior to the beginning of each season. These have been identified for each cost centre and allocated accordingly. Examples are: ice plant inspection, fire alarm inspection, ice painting, and initial flooding.

Arena	Curling	Canteen	Bar	Hall	Drop-in	Grounds	CCLCC
51.25%	25.25%	12.00%	0%	10.00%	1.50%	0%	0%

Table 4F
(Start Up Costs Allocation)

Routine Maintenance

Maintenance that is required on a regular basis, in order keep the facility and cost centers functional, has been identified and allocated according to usage. Some examples of these routine tasks are: fixing doors, painting, replacing electrical fixtures, arena and curling ice plant repairs, and tractor repairs.

Major Maintenance

The assessment identified a list major items that require significant maintenance within the next 5 years. This list provides a proactive plan to try to prevent major breakdowns and avoid the costs associated to the reactionary repair or replacement of these items. In addition, a life cycle plan has also been developed for the list that identifies the cyclical maintenance requirement for each item. These major costs need to be planned for and covered by the revenue generated by the individual cost centers where they occur. A complete list of these items and the proposed year that they are due can be found in Appendix 1 at the end of this document.

The estimated cost of this effort \$27,700.00 over the next five years. This total cost was amortized over the 5 year period, resulting in an estimated annual amount of just over \$5,500.00. These costs are recovered through a major maintenance levee applied to each cost center based on its maintenance requirement. This will provide a reserve for each cost center and provide adequate funding when the maintenance items come due.

An example of the amortization calculation

An overhaul of the arena compressor is required every 5 years at an estimated cost of \$4000.00. Therefore \$800.00 per year is allocated to the arena cost center's major maintenance expense line item. This provides for the funding to be in place for the overhaul maintenance at the end of the 5 years.

Capital Investment Study

A comprehensive assessment into the aging facility to identify major items that require upgrade or replacement within the next 5 years, was also done. These items have been deemed necessary in order for the facility to continue to operate at or above its the current level. A full list and the proposed year that the capital investment should occur can be found in Appendix 2 at the end of this document.

The Capital Budget

The capital budget is kept separate from the Operational budget.

Capital Revenue

Capital revenue is derived from the five sources identified below. Since the Planned Capital Expenditures are identified over a 5 year period, some of the revenue collected each year will go into reserves until required.

1. User Fees – Family fee
2. Grants - such as Culture, Heritage and Tourism
3. Cost Center Levees – Planned Capital Expenditures. This will show up as line expense item on the Operational Expenses.
4. RM – Capital Investment
5. Donations / Other

Capital Expenditures

Approximately \$171,000.00 of capital is required over the next five years.

The Capital Expenditures can be broken down into five groups

1. Operational Improvement
2. RM's responsibility
3. Power Smart Initiatives
4. Betterment Initiatives
5. Grounds Redevelopment

Table 4G shows the approximate capital required per year for the next five years. These estimates EXCLUDE the Betterment Initiatives and Grounds Redevelopment groups.

Capital per Year	
05	\$37,200.00
06	\$34,400.00
07	\$34,300.00
08	\$36,000.00
09	\$30,000.00

Table 4G
(Capital / year)

Operational Requirements

Approximately \$18,000.00 per year is required to be invested into the CCLCC's major equipment. Failure to replace aging equipment will result in increased maintenance cost. The equipment identified is from all cost centers. Examples of major equipment are: Thermo – Storage tanks, Field Tractor and the Ice Shaver. These items were considered by the financial committee to be operational in nature and therefore their costs should be covered by the revenue generated by the individual cost centers where they occur. A capital expenditures levee has been incorporated into the operational budget and the appropriate costs have been allocated for each cost centre.

This approach creates a predictable budget to be spent on the operational improvement expenditures over the next 5 years. The budgeted amount can be approved by the board annually and given to the facility manager to manage for the year. This reduces the requirement for board approval on every investment item.

RM's Responsibility

In order for the facility to meet the future needs of the community, and continue to operate at or above the current standards, Capital needs to be invested. The Arena built around 1964, has performed adequately for the last 40 years. Today's environment requires some investment to bring the building up to current standards.

Items identified in this group were deemed by the financial committee to be costs that were not operational in nature and therefore should fall to the responsibility of the RM under the Capital Investment title. These items are strictly related to the facility and its assets. They would need to be maintained or replaced regardless of whether the cost centers had tenants. Some of these items are highlighted in the following sections.

Building Inspection

As part of the application for the Culture Heritage & Tourism grant, they performed a walkthrough and inspection of the building with the facility manager. Their findings and those of the facility manager's experience are highlight here.

1. Eaves troughs

The curling rink needs eaves troughs installed on the curling rink building. The improper shedding of water was the root cause of failure on the original curling rink. There is a high risk of this re-occurring if this is not fixed immediately!

2. Wheel Chair accessible washrooms

The observation room has wheel chair access but does not have washrooms that accommodate wheel chairs. The recommendation was to convert two of the four washrooms at the observation floor level into one large family washroom.

3. Flooring in the Observation room

The flooring has curled due to excess moisture in the basement (flooding) and natural wear and tear.

Additional Capital Item

In addition to the Cultural Heritage and Tourism inspection, the financial committee identified additional items that would require investment by the RM within in the next five year period. Some of these are highlighted below.

1. Parking Lot Repair

The practice of adding gravel to the parking lot over the past 25 years has led to improper grading of the parking lot, causing water to pool around the facility rather than run away it. This was a contributing factor to the basement flooding and added to the deterioration of main structure.

2. Outside Washrooms

There are no washroom facilities available to the more than 400 youth using the facility's fields in the spring, summer and fall months.

3. Large Rink Doors

The doors at the east end of the rink are in need of repair or replacement.

4. Concrete floor in Zamboni room

The concrete grade beam is broken and has heaved. This has caused problems with the closing of the overhead door. It does not close completely which allows for cold air to enter the building freezing nearby equipment. The result of this is unnecessary and expensive repair to damaged equipment.

5. Convert Mud Room in basement to usable space

The mud room should be converted to usable space. With co-ed sports more prominent these days, there is a need for 4 change rooms and two referee rooms at one time. The mud room conversion can free up at least one room to be used by the referees. More space will still be required in the future and needs to be addressed at some future date.

6. Hall Washrooms

The washrooms in the hall should be upgraded to continue to be functional for future events.

Power Smart Initiatives

A Power Smart facility evaluation and a power quality signature were performed by Manitoba Hydro. Recommendations were made and outlined in the CCLCC Energy Summary Report dated September 2004. These recommendations should be implemented to reduce the facility's cost of electricity usage. These initiatives are all specifically related to improving the facilities overall consumption and should be covered as capital expenses by the RM. They are listed as follows:

1. Convert incandescent to compact florescent
2. Convert outside mercury vapor lights
3. Auto shut of washroom exhaust fans
4. Auto shut off kitchen exhaust fans
5. Install demand controller
6. Replace exit signs with led version
7. Set back thermostats for curling rink
8. Timer control on skating rink circulating fans
9. Timer control on skating rink circulating fans
10. Florescent Lighting – The current lights will be obsolete within 2 years. Manitoba Hydro offers a rebate until the old lights become obsolete.

Some of the power smart initiatives are eligible for rebates from Manitoba Hydro. In addition to the list, it was also recommended that the large rink lights in both the

arena and curling rinks be changed to more efficient models. However at this time we are not considering this option because of the high up front costs.

Manitoba Hydro also strongly recommended changing out the electric heat for high efficient gas furnaces. The CCLCC board also considered using heat recovery as a source of heat. Although this is a good alternative, the dollars would be better spent using the heat recovery to heat the water. In the future this could be expanded to supplement the furnaces.

Betterment Initiatives (2005)

An outstanding Culture Heritage & Tourism matching grant for \$26,000 needs to be expensed before it is revoked. The following initiatives are being considered to fulfill the grant requirements along with projects already completed.

1. Sound System Upgrades
2. Toboggan Run
3. Field Signage

Grounds Redevelopment

As outlined in the Strategic Plan, the grounds redevelopment is one of the major goals of the facility. In order to move forward with this goal funding needs to be secured. The CCLCC is requesting the RM to provide approximately \$35,000.00 per year for the next five years dedicated to this project. In addition to the RM's support, the board will solicit funds from as many sources as possible. The details will be outlined in the Grounds Redevelopment s plan.

Facility Life Study

The financial committee recommends that a life study be performed by a mechanical engineering firm on the refrigeration systems, and structural components. The study needs to determine the current state and make recommendation for required maintenance and/or replacement.

Benchmarking Survey

The board is currently conducting a survey with other recreation facilities. The survey will identify best practices, current registration rates, total operation cost, total revenue etc...

The goal is to ensure that the CCLCC is operating in the most efficient way feasible. The study should be completed by spring 2005

Operational Cost Calculations

Once all revenues and expenses were identified and allocated, the cost of operating each centre for the period that it is rented was determined. This was calculated per rental period (unit or hourly rate) by dividing the total expenses for the cost centre (from the 2005 budget) by the total number of hours the cost centre is estimated to be rented in 2005. These rates will be reviewed annually to ensure they are inline with the current revenue and expenses at that time.

Arena	Regular Rate	\$76.00 / hour ≈ \$ 97,910.85 / 1289 hours
	Youth Rate *	\$71.00 / hour
Curling	Regular Rate	\$71.00 / sheet ≈ \$ 48,170.30 / 676 sheets
Grounds **	Regular Rate	\$7.00 / hour ≈ \$3,595.80 / 540 hours
Hall ***	Regular Rate	\$350.00 / social evening
	Upstairs Hall	TBD / meeting
	Regular Rate	\$500.00 / social evening + expenses
	Curling Hall	\$500.00 / social evening + expenses
Drop-in ***	Regular Rate	TBD

* Arena youth rate is calculated as the Regular Rate – Net Canteen Revenue

** Grounds rate is assuming 50% of the total vegetation cost.

*** Currently the costs of the halls and drop-in are being covered by the General CCLCC cost centre

Table 4H
(2005 Unit cost)

Closing the Gap

The groups that were receiving Rate Subsidization were then identified. These groups are currently being charged rental rates that are below the current minimum hourly or unit rate that it costs to run their respective cost centres. So as to not put too much hardship directly on the affected groups, the increase to be at the minimum was incorporated over a two year plan. The following breakdowns identify the groups and the planned increases.

Arena Youth Rates

Current rate / hr	\$55.00	
Goal rate / hr	\$71.00	
% difference	-29.09%	
05/06 increase	\$8.00	14.55%
05/06 rate / hr	\$63.00	
06/07 increase	\$8.00	12.70%
06/07 rate / hr	\$71.00	

Total increases at end of two years

Total Increase / Hour	\$16.00
Total Cost Increase	\$14,512.00
Total Increase / Youth	\$64.50

The following is based on estimating 15 youth on ice per hour

Average Hours / Youth	60.5
Average Increase / Youth / Hour	\$1.07

Curling Rates

Current average rate / sheet	\$33.00	
Goal average rate / sheet	\$68.00	
% difference	-106.06%	
05/06 increase	\$17.50	53.03%
05/06 rate / sheet	\$50.50	
06/07 increase	\$17.50	34.65%
06/07 rate / sheet	\$68.00	

Total increases at end of two years

Total Increase / Sheet	\$35.00
Total Cost Increase	\$23,660.00
Total Increase / Curler	\$203.97

The following is based on 8 curlers on ice per Sheet

Average Sheets / Curler	25.5
Average Increase / Curler / Sheet	\$4.38

Although the above breakdown shows how raising the rates over the next two years would alleviate the loss this centre is experiencing, the financial committee, along with the full board, realizes that these increases are not feasible as it would put a severe hardship on the tenant. The financial committee has recommended and incorporated a 15% per year increase into the budget at this time and will work with the curling groups to try to determine other means of closing this gap.

Soccer Rates

Current rate / hour	\$3.71	
Goal rate / hour	\$7.00	
% difference	-88.68%	

05/06 increase	\$1.65	44.34%
05/06 rate / hour	\$5.36	

06/07 increase	\$1.65	30.72%
06/07 rate / hour	\$7.00	

Total increases at end of two years

Total Increase / Hour	\$3.29
Total Cost Increase	\$1,776.60
Total Increase / Youth	\$4.44

The following is based on estimating 10 youth per team

Average Hours / Youth	11.1
Average Increase / Youth / Hour	\$0.22

The Budget Numbers

Operational Expenditures

The expenses and allocations outlined in the Facility Assessment section have been incorporated into each cost centre section on the budget and their totals are provided here.

Arena	\$98,476
Canteen	\$30,866
Curling	\$48,275
Bar	\$1,050
Grounds *	\$3,732
CCLCC **	\$48,891
Total CCLCC Expenditures	\$231,289

* The Grounds centre has been allocated a percentage of the expenses associated with the field maintenance plus a reserve amount set aside for a new tractor. This recognizes that the CCLCC centre would incur a certain amount of field maintenance costs regardless of the grounds usage.

** The CCLCC centre expenditures is made up of general facility expenses and also incorporates the Hall and Drop-in centres.

Table 5A
(2005 Operational Expenditures)

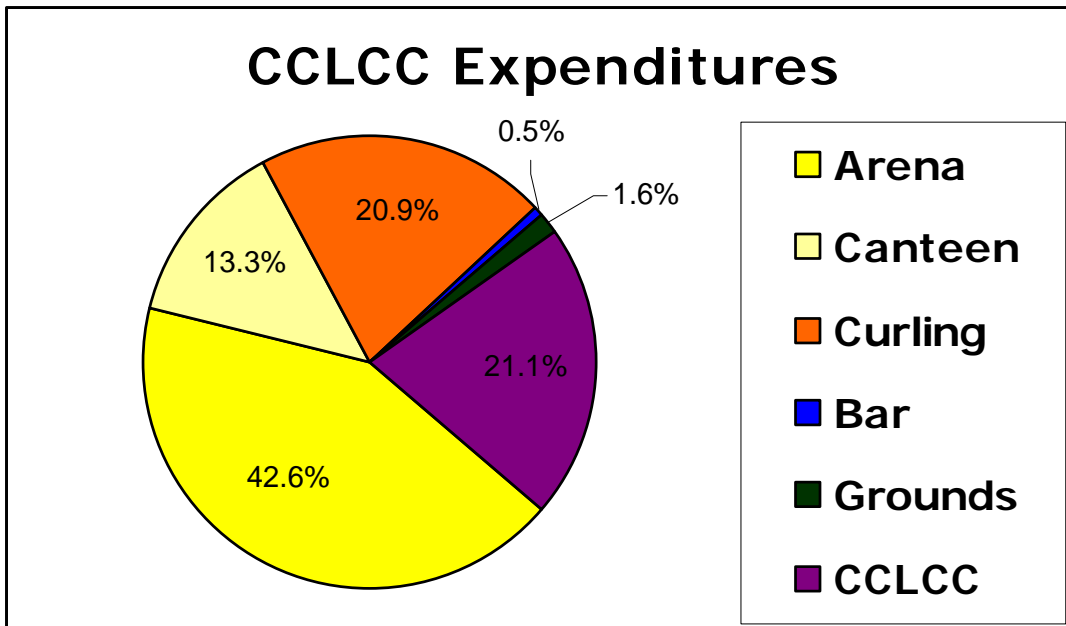


Chart E1
(2005 Expenditures)

Operational Revenue

The 2005 revenue was projected by estimating the rental units that would be sold in the different cost centres over the course of the 2005 year beginning on January 1. The revenue also incorporates the rental rate increases that were recommended by the financial committee. If these increases are not applied, then the projected revenues and net income stated here will not be realized.

Centre	Gross Revenue	Net Revenue (Gross - Expenses)
Arena	\$91,714.00	(\$6,762)
Canteen	\$36,000.00	\$5,134
Curling	\$26,609.90	(\$21,665)
Bar	\$2,000.00	\$950
Grounds*	\$2,916.00	(\$816)
CCLCC**	\$78,630.00	\$29,739
Total	\$237,869.90	\$6,581

* The Grounds centre has been allocated a percentage of the expenses associated with the field maintenance plus a reserve amount set aside for a new tractor. This recognizes that the CCLCC centre would incur a certain amount of field maintenance costs regardless of the grounds usage.

** The CCLCC centre expenditures is made up of general facility expenses and also incorporates the Hall and Drop-in centres.

Table 5B
(2005 Revenue)

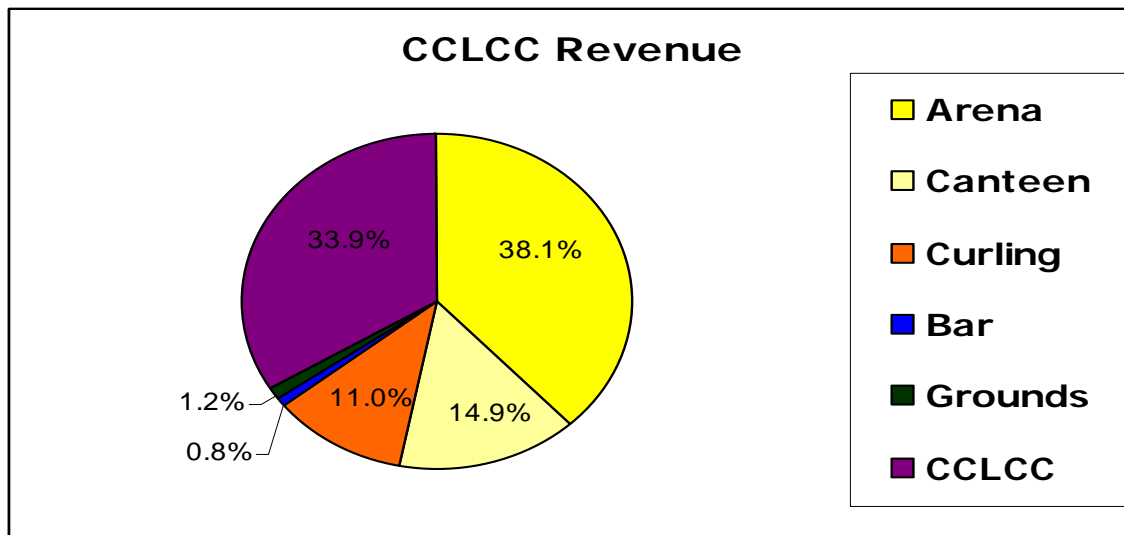


Chart R1
(2005 Revenue)

Acknowledgments

Finance committee

Ted Viskup	Facility Manager
Eveline Foisy	Secretary
Sharon Roswell Gardiner	Bookkeeper
Graham Eason	Grounds Committee
Scott Dillabough	Vice President

Reference material

1. Manitoba Hydro – Energy Evaluation Report
2. CCLCC Energy Summary.doc
3. Grounds Redevelopment Survey Results

Appendix 1

5 Year Major Maintenance Plan

Description	Cost Centre	Year Required	Cycle (years)
Arena Compressors	Arena	05	5
Curling Compressors	Curling	05	5
Curling indoor / outdoor carpet on rink	Curling	06	20
Paint Ceiling in rink with reflective paint	Arena	06	20
Curling Hot water tank (washroom)	Curling	07	10
Curling RO Hot water tank	Curling	07	10
New ice dividers in curling rink	Curling	07	20
Zamboni repairs	Arena	07	5
Exhaust fans motors - arena, curling and canteen	CCLCC	08	20
Re-design curling brine line, shorten the distance.	Curling	08	Na
Arena Hot water tank	Arena	09	20
Centers water Softener system	CCLCC	09	10
Curling RO System	Curling	09	10
Electric forced air heaters (by doors)	CCLCC	09	20
water system well pump & control system	CCLCC	09	20

Appendix 2

Capital Investment Items

Capital Upgrades	cost center	year
Convert incandescent to compact florescent	PowerSmart	05
Convert to T-8 florescent lights	PowerSmart	05
Install eaves trough curling side	RM	05
Outside washroom	RM	05
Heat recovery system (Therma-Stor tank Replacement)	Arena	06
Insulate all hot water pipes & add a circulation pump	CCLCC	06
Convert outside mercury vapor lights	PowerSmart	06
Timer control on skating rink circulating fans	PowerSmart	06
Timer control on skating rink circulating fans	PowerSmart	06
Retrofit washrooms wheel chair access	RM	06
Upgrade hall washrooms	RM	06
Upgrade Parking lot	RM	06
Install pony brine pump	Arena	07
New field tractor, with mower, loader, blower (CCLCC)	CCLCC	07
Auto shut of washroom exhaust fans	PowerSmart	07
Auto shut off kitchen exhaust fans	PowerSmart	07
Replace exit signs with led version	PowerSmart	07
Set back thermostats for curling rink	PowerSmart	07
New field tractor, with mower, loader, blower (Grounds)	Grounds	07
Extend Zamboni room to allow Zamboni to open up	RM	08
Facing of canteen -(outside of wall facing rink)	RM	08
Insulate and sheath curling rink north wall to ceiling	RM	08
Replace canteen ceiling tiles	RM	08
Replace flooring in observation area	RM	08
Replace large rolling doors at end of arena	RM	08
New curling Ice shaver - battery powered	Curling	08
Install demand controller	PowerSmart	08
Clear out mud room in crawl space - create storage room	RM	08
Concrete in Zamboni room	RM	08
New Zamboni	Arena	09