

**FINANCE COMMITTEE  
ORDER OF BUSINESS**  
Town of Banff Council Chambers  
Monday, April 8, 2013 at 10:00 a.m.

**1.0 CALL TO ORDER**

**2.0 APPROVAL OF AGENDA**

**3.0 ADOPTION OF PREVIOUS FINANCE COMMITTEE MINUTES**

3.1 Minutes of the November 13, 2012 Regular Meeting of the Finance Committee

**4.0 REPORTS**

4.1 Request for Decision: Fenlands Performance Targets

**5.0 INQUIRIES**

**6.0 ADJOURNMENT**

**MINUTES OF THE FINANCE COMMITTEE**  
**of the Town of Banff in the Province of Alberta**  
**Town Hall Council Chamber**  
**Tuesday, November 13, 2012 at 10:00 am**

**MEMBERS PRESENT**

Karen Sorensen	Mayor
Leslie Taylor	Councillor
Stavros Karlos	Councillor
Chip Olver	Councillor
Brian Standish	Councillor and Deputy Mayor
Grant Canning	Councillor and Acting Mayor

**MEMBERS ABSENT**

Paul Baxter	Councillor
-------------	------------

**ADMINISTRATION PRESENT**

Robert Earl	Town Manager
Kelly Gibson	Manager of Corporate Services
Chris Hughes	Senior Accountant
Andrea Stuart	Finance Officer
Tara Johnston-Lee	Municipal Clerk (Recording Secretary)

---

**1.0 CALL TO ORDER**

The Mayor called the meeting of the finance committee to order at 10:00 a.m.

**2.0 APPROVAL OF AGENDA**

**2.1. Meeting Agenda**

FIN12-35 Moved by Councillor Taylor to approve the November 13, 2012 agenda of the meeting of the finance committee as presented.

**CARRIED**

**3.0 ADOPTION OF PREVIOUS MINUTES**

**3.1. Minutes of the Meeting of the Finance Committee**

FIN12-36 Moved by Councillor Olver to approve the minutes of the October 22, 2012 finance committee meeting as presented.

**CARRIED**

#### 4.0 REPORTS

##### 4.1 Pre-Audit Planning

The 2012 audit planning report was submitted to council separately and is not included in the public agenda package for this meeting. The information included in the report is protected from disclosure by section 24 of the Freedom of Information & Protection of Privacy Act – advice from officials.

The 2012 audit planning report was prepared by a consultant, KPMG LLP, Chartered Accountants. Carlos Alvarez and Colin Mitchell from KPMG attended the Finance Committee meeting to answer questions from council.

FIN12-37 Moved by Councillor Taylor to go in camera at 10:01 a.m. Mr. Alvarez and Mr. Mitchell from KPMG remained to answer questions from council.

**CARRIED**

FIN12-38 Moved by Councillor Standish to return to the public meeting at 10:45 a.m.

**CARRIED**

##### 4.2 Tangible Capital Asset Policy Update

FIN12-39 Moved by Councillor Taylor that the Finance Committee recommend to Council the recommended updated useful lives for Tangible Capital Assets (TCA)s included in the report in the agenda package to align the accounting records with those of estimates used for the purpose of the Capital Reserve Analysis completed in 2012.

**CARRIED**

FIN12-40 Moved by Councillor Olver that the Finance Committee recommend to Council an update to the TCA Policy to include the use of salvage values for vehicles and machinery/equipment of 10% and 15% of historic cost respectively.

**CARRIED**

FIN12-41 Moved by Councillor Karlos that the Finance Committee recommend to Council an update to the TCA Policy to reflect administrations current policy of amortization to the month for years that assets are purchased or disposed, rather than the 1/2 year rule.

**CARRIED**

##### 4.2 Operating Reserves

FIN12-42 Moved by Councillor Olver that the Finance Committee recommend to Council a cap on the Budget Stabilization reserve at a balance of 2% of the current year's total expenses net of amortization.

**CARRIED**

FIN12-43 Moved by Councillor Olver that the Finance Committee recommend to Council that the balance of \$14,830 in the Twin Town program be transferred to the Snow Clearing Reserve.

**CARRIED**

**4.3 Third Quarter Financial Statements and Forecast**

FIN12-44 Moved by Councillor Olver that the Finance Committee recommend to Council a transfer from the budget stabilization reserve of \$39,900 to offset the lower than anticipated tax revenue in 2012 and reduce the transfer to capital by \$9,000 to reflect lower than anticipated growth.

**CARRIED**

**5.0 INQUIRIES**

There were no inquiries.

**6.0 ADJOURNMENT**

FIN12-45 Moved by Councillor Karlos to adjourn the meeting of the finance committee at 11:37 a.m.

**CARRIED**

---

Karen Sorensen  
Mayor

---

Tara Johnston-Lee  
Municipal Clerk

# REQUEST FOR DECISION

## Subject: Fenlands Performance Targets



Presented to: Finance Committee

Date: April 8, 2013

Submitted by: Chris Hughes (Senior Accountant) Agenda #: 4.1

---

### RECOMMENDATION

- 1) That Council set annual targets for the Fenlands Recreation Centre:
  - a) Operating Cost Recovery Rate (excluding amortization expense).  
Recommendation: At or above the median for comparable communities  
Current Median: 53.3%  
2012 Actual: 53.3%
  - b) Non Ice Revenue/Total Revenue  
Recommendation: At or above the median for comparable communities  
Current Median: 17.3%  
2012 Actual: 17.3%
  - c) Percentage of Peak Ice Hours Booked  
Recommendation: At or above the median for comparable communities  
Current Median: 77.6%  
2012 Actual: 73.7%
  - d) Percentage of Non-Peak Ice Hours Booked  
Recommendation: At or above the median for comparable communities  
Current Median: 36.8%  
2012 Actual: 31.9%
  - e) Ice Rental Revenue/Skating Hour Booked  
Recommendation: At or above the median for comparable communities  
Current Median: \$95.55  
2012 Actual: \$106.75
  - f) Operating Costs/ft<sup>2</sup> of Facility  
Recommendation: At or below the median for comparable communities  
Current Median: \$11.35  
2012 Actual: \$11.12
  - g) Operating Costs/ft<sup>2</sup> of Ice (Including Curling Ice)  
Recommendation: At or below the median for comparable communities  
Current Median: \$25.33  
2012 Actual: \$24.96

h) The targets for revenues from various ice user groups are as follows:

User Group Type	Target % Skating Ice Revenue
Local User Groups	90%
Non-Local User Groups	10%
Minor User Groups	60%
Non-Minor User Groups	40%

All ratios are recommended at 2012 levels.

Taking all of these targets into account the tax supported cost of the facility should fall within the range of \$450,000 - \$500,000.

## **BACKGROUND**

With the construction of the Fenlands now nearly complete and a full year of operation, administration has undergone an evaluation to determine how the facility compares to other similar facilities in Alberta in terms of efficiency. Over the past two months data was collected from four other comparable municipalities: Okotoks, Airdrie, Brooks and Olds from a total of eight similar facilities. The facilities were similar in terms of use, but not necessarily age or construction. The analysis of this data is summarized in Appendix A.

Some of the key information gained from the analysis of the data was that the overall 2012 operating costs of the Fenlands were fairly consistent with the comparative facilities. It is important to note that the Fenlands and Facility #5 were the only two facilities in the survey that combined skating and curling facilities within the same building. All other facilities in the comparison contained between one and three skating ice sheets.

It should also be noted that most of the facilities had very low levels of amortization or were not able to provide the amortization expense specifically for each facility. The Fenlands, being a new facility, shows amortization as a relatively large percentage of its total operating expenses. Therefore any comparative ratios used in the analysis that included total operating costs in either the numerator or denominator have also be stated as a percentage of total operating costs excluding amortization expense.

The recommended targets identified for the facility are a combination of financial targets based on the comparative data and revenue targets for certain types of user group. This combination of targets is set to ensure that the financial targets don't supersede the public benefit and service level expected by the community. Currently the cost recovery targets for skating ice are 100% for adult user groups and 50% for minor user groups.

Administration will continue to look for partners with which to share comparative data. The ongoing Alberta Municipal Benchmarking Initiative should offer a broader group of comparative communities and facilities and will also provide a common agreed upon method for measurement of these metrics.

Options

- 1) That Council and Administration adopts the recommended performance targets for creating the annual budget for the Fenlands Recreation Centre.
- 2) That Council adopts an alternative set of performance targets for future Fenlands Recreation Centre budgets.

**ATTACHMENTS**

Appendix A – Summary of Recreation Facilities Survey

---

Circulation date: \_\_\_\_\_

Submitted By: \_\_\_\_\_  
Chris Hughes (Senior Accountant)

Reviewed By: \_\_\_\_\_  
Robert Earl, Town Manager

## Appendix A

## Summary of Recreation Facilities Survey

	Fenlands	Facility 2	Facility 3	Facility 4	Facility 5	Facility 6	Facility 7	Facility 8	Facility 9	Mean	Median
Operating Costs / ft <sup>2</sup> of Facility (excluding amortization)	\$ 11.12	\$ 11.37	\$ 12.48	\$ 16.16	\$ 11.35	\$ 4.56	\$ 6.29	\$ 12.86	\$ 9.09	\$ 10.59	\$ 11.35
Wages & Benefits/Total Operating Costs (excluding amortization)	55.7%	53.9%	56.9%	39.5%	74.6%	47.3%	66.1%	55.6%	56.0%	56.2%	55.7%
Operating Personnel Wages/Total Operating Costs (excluding amortization)	46.0%	45.5%	47.8%	34.6%	53.1%	42.1%	57.3%	44.4%	46.0%	46.3%	46.0%
Admin Personnel Wages/Total Operating Costs (excluding amortization)	9.7%	8.4%	9.1%	5.0%	21.5%	5.3%	8.8%	11.1%	10.0%	9.9%	9.1%
Janitorial Costs/ft <sup>2</sup>	\$ 0.09	\$ 0.17	\$ 0.19	\$ 0.22	\$ 0.17	n/a	n/a	\$ 0.57	\$ 0.76	\$ 0.31	\$ 0.19
Utilities Cost/ft <sup>2</sup>	\$ 2.31	\$ 2.35	\$ 2.76	\$ 4.59	\$ 2.29	\$ 1.23	\$ 1.38	\$ 3.43	\$ 2.73	\$ 2.56	\$ 2.35
Amortization Costs/ft <sup>2</sup>	\$ 8.20	\$ 0.22	\$ -	\$ -	\$ 3.09	\$ -	\$ -	\$ -	\$ -	\$ 1.28	\$ -
Non Ice Revenue/Total Revenue	17.3%	11.9%	5.9%	18.7%	37.5%	13.2%	3.6%	27.5%	33.3%	18.8%	17.3%
Net Gain/(Loss) on Operations/ ft <sup>2</sup>	\$ (5.19)	\$ (3.50)	\$ (2.30)	\$ (7.74)	\$ (5.70)	\$ 0.28	\$ (3.02)	\$ (8.91)	\$ (3.64)	\$ (4.41)	\$ (3.64)
Operating Cost Recovery Rate (excluding amortization)	53.3%	69.2%	81.5%	52.1%	49.8%	106.1%	52.0%	30.7%	60.0%	61.6%	53.3%
Peak Hours/Total Hours Available	57.9%	57.4%	57.1%	57.2%	85.7%	58.8%	59.0%	53.7%	53.7%	60.0%	57.4%
% Peak Hours Booked	73.7%	78.7%	77.6%	81.8%	62.6%	46.7%	67.8%	85.0%	82.1%	72.9%	77.6%
% Off Peak Hours Booked	31.9%	46.0%	52.9%	36.8%	22.0%	10.3%	18.4%	60.0%	40.0%	35.4%	36.8%
Ice Rental Revenue/Hour Booked (skating ice only)	\$ 106.75	\$ 95.55	\$ 94.40	\$ 116.82	\$ 68.22	\$ 162.29	\$ 102.09	\$ 42.03	\$ 70.42	\$ 95.40	\$ 95.55
Operating Costs/ft <sup>2</sup> of Ice (excluding amortization)	\$ 24.96	\$ 25.08	\$ 23.37	\$ 42.60	\$ 28.29	\$ 21.17	\$ 25.33	\$ 26.47	\$ 29.41	\$ 27.41	\$ 25.33



# Fenlands Performance Measures



# Highlights

- 2008 – \$350K Net Deficit
- \$30K Increase for CP Lease
- Revised Target \$380K
- 2008 – 2014 Average AB CPI: 1.8%
- 2014 Inflated Target - \$423K

# Benchmarks

- Operating Cost Recovery Rate
- Non Ice Revenue/Total Revenue
- % of Peak Ice Hours Booked
- % of Non Peak Ice Hours Booked
- Ice Rental Revenue/Skating Hour Booked
- Operating Costs/ft<sup>2</sup> of Facility
- Operating Costs/ft<sup>2</sup> of Ice

# Areas Fenlands Should Exceed Targets

- Utility Costs/ft<sup>2</sup> - exceed median by 10%
  - \$2.11/ft<sup>2</sup>
  - \$18,600 Savings
- Skating Ice \$/hr – exceed median by 20%
  - \$114.50/hr
  - \$30,225 Increased Revenue
- Net 2014 Target – \$374K