



City Budget 2012

Arena Boards of Management Operating Budget Analyst Notes

The City of Toronto's budget is presented by program and service, in Analyst Note format. The City's Operating Budget pays the day-to-day operating costs for City services.

2012 Operating Budget

2012 OPERATING BUDGET ANALYST BRIEFING NOTES BUDGET COMMITTEE NOVEMBER 28, 2011

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PART I: RECOMMENDATIONS

2012 Recommended Operating Budget (In \$000s)

(In \$000s)	2011		2012 Recommended Operating Budget			Change - 2012 Recommended Operating Budget v. 2011 Appvd. Budget		FY Incremental Outlook	
	2011 Appvd. Budget	2011 Projected Actual	2012 Rec. Base	2012 Rec. New/Enhanced	2012 Rec. Budget			2013	2014
	\$	\$	\$	\$	\$			%	\$
GROSS EXP.	6,536.7	6,572.9	6,730.7		6,730.7	194.0	3.0	(43.6)	
REVENUE	6,542.1	6,556.5	6,738.2		6,738.2	196.1	3.0	(43.6)	
NET EXP.	(5.3)	16.3	(7.5)	0.0	(7.5)	(2.1)	40.4	0.0	0.0
Approved Positions	65.5	65.5	65.5	0.0	65.5	0.0	0.0		

Target Comparison	10% Reduction Target	2012 Rec.'d Reduction	2012 10% Reduction vs. 2012 Rec'd Reduction	Target %
2012 Reductions	0.0	0.0	0.0	N/A

Recommendations

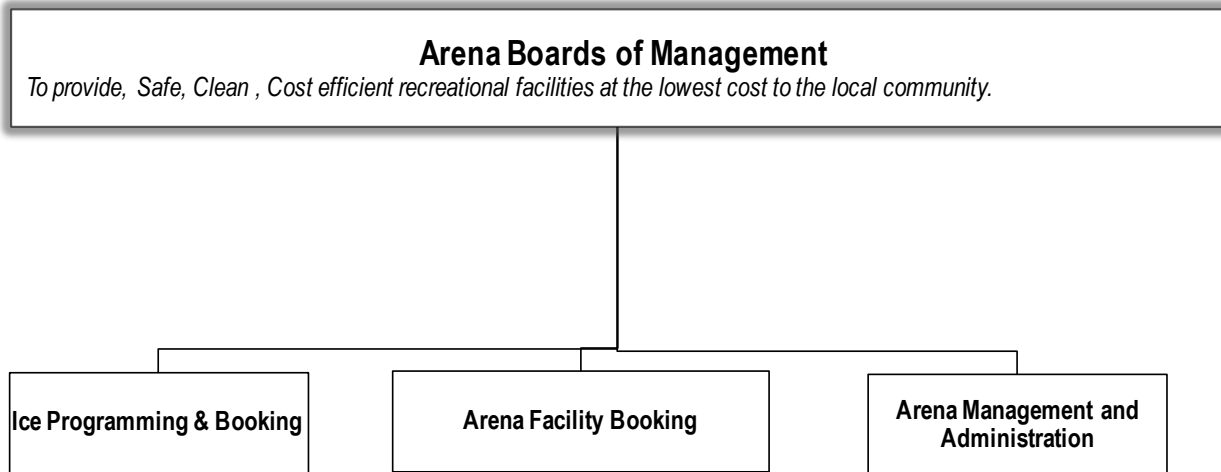
The City Manager and Chief Financial Officer recommend that:

1. City Council approve the 2012 Recommended Operating Budget for the Arena Boards of Management of \$6.731 million gross and \$(0.007) million net, comprised of the following services:

<u>Service(s)</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
George Bell Arena	597.6	0.0
William H. Bolton Arena	836.6	(3.7)
Larry Grossman Forest Hill Memorial Arena	1,036.8	(2.0)
Leaside Memorial Community Gardens	1,012.1	(0.1)
McCormick Playground Arena	707.7	(0.2)
Moss Park Arena	813.0	(0.4)
North Toronto Memorial Arena	887.2	(0.5)
Ted Reeve Arena	839.8	(0.6)
Total Program Budget	6,730.7	(7.5)

PART II: 2012 SERVICE OVERVIEW AND PLAN

Program Map and Service Profiles

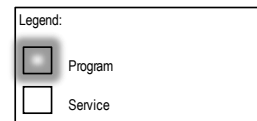


Purpose:

To provide various recreational Ice programs that allocates the use of the arena's available ice time, prime time ice and daytime ice, in a fair and equitable manner among neighbourhood citizens and organizations and arena user groups, with particular consideration given to addressing the needs of the local community.

Purpose:

To provide equitable access to high quality indoor and outdoor ice sport recreational at fair and reasonable rates To provide arena facility rental of its facility/space to facility renters (direct), ice users, participants, or attendees (indirect), on request, solicited, or negotiated.



Service Customer

Ice Programming & Booking

- Individual Ice User
 - o Public /Separate/Private School
 - o Community Hockey Associations
 - o Community Figure Skating
 - o Corporations
 - o Charitable Organizations
 - o Private Rental
- Group Users -Leagues / Associations

Arena Facility Booking

- Facility Renter (direct)
- User / Participant / Attendee (indirect)

Arena Management and Administration

- Arena Service Provider (direct)
- Arena Service Partners (direct)

2012 Recommended Service Levels

Service Types & Levels

Service	Type	Sub-Type	2011 Current Service Level	2012 Proposed Service Level	
Arena Facility Booking	Facility Rental	Banquet hall	76% utilization / occupancy	76% utilization / occupancy	
		Meeting / Board Rooms	100% On Demand	100% On Demand	
		Parking Lot	100% On Demand	100% On Demand	
		Arena Floor	100% On Demand	100% On Demand	
		Indoor Swimming Pool	100% utilization / occupancy	100% utilization / occupancy	
	Concession / Vending	Snack Bar	66% staffed and open - 100% on demand	66% staffed and open - 100% on demand	
		Pro Shop	100% on demand	100% on demand	
		Advertising / Promotion	100% On Demand	100% On Demand	
Ice Programming & Booking	Ice Booking	Prime Time	100% Utilization	100% Utilization	
		Non Prime time	60% Utilization (on average)	60% Utilization (on average)	
	Directly Run (Programmed)	Recreational Skate / Shinny	100% of programmes are evaluated to respond to Community needs	100% of programmes are evaluated to respond to Community needs	
		Camps	100% of programmes are evaluated to respond to Community needs	100% of programmes are evaluated to respond to Community needs	
		Hockey Schools	100% of programmes are evaluated to respond to Community needs	100% of programmes are evaluated to respond to Community needs	
		Summer / Winter Hockey Leagues	100% of programmes are evaluated to respond to Community needs	100% of programmes are evaluated to respond to Community needs	
		Learn to Skate	100% of programmes are evaluated to respond to Community needs	100% of programmes are evaluated to respond to Community needs	
		Women's Education Hockey Programme	100% of programmes are evaluated to respond to Community needs	100% of programmes are evaluated to respond to Community needs	
	Indirectly 3rd party Coordinated (Booking)	Camps	To review contracts once per year, 100% of the time	To review contracts once per year, 100% of the time	
		Senior's Drop-in	To review contracts once per year, 100% of the time	To review contracts once per year, 100% of the time	
		School Programmes	To review contracts once per year, 100% of the time	To review contracts once per year, 100% of the time	
		Recreational Skate / Shinny	To review contracts once per year, 100% of the time	To review contracts once per year, 100% of the time	
		Hockey Schools	To review contracts once per year, 100% of the time	To review contracts once per year, 100% of the time	
		Summer / Winter Hockey Leagues	To review contracts once per year, 100% of the time	To review contracts once per year, 100% of the time	
		Learn to Skate	To review contracts once per year, 100% of the time	To review contracts once per year, 100% of the time	
	Women's Education Hockey Programme	To review contracts once per year, 100% of the time	To review contracts once per year, 100% of the time		
	Pro Shop		To review contracts once per year, 100% of the time	To review contracts once per year, 100% of the time	
	Swimming Pools (LMCG)		To review contracts once per year, 100% of the time	To review contracts once per year, 100% of the time	
	Small Pads (2 – FHMA & McC)		To review contracts once per year, 100% of the time	To review contracts once per year, 100% of the time	
	Large Pads (8)		To review contracts once per year, 100% of the time	To review contracts once per year, 100% of the time	
	Contracted Services	Parks, Forestry & Recreations (NT)		To review contracts once per year, 100% of the time	To review contracts once per year, 100% of the time
		3 rd Party (TR, LMCG)		To review contracts once per year, 100% of the time	To review contracts once per year, 100% of the time

Ice Programming and Booking

- The Arena Boards allocate use of the arena's available ice time, prime time ice and daytime ice, in a fair and equitable manner among neighbourhood citizens, organizations and arena user groups, with particular consideration given to addressing the needs of the local community. Prime time ice is allocated in accordance with the City's Ice Allocation Policy. Prime time ice utilization is at or near full capacity at all eight arenas. Ice allocation (ice time booking) of available ice time is 19 hours/day, 7 days/week.

Arena Facility Booking and Ancillary Services

- The Arena Boards provide arena facility rental of its facility/space to facility renters (direct), ice users, participants, or attendees (indirect), on request, solicited, or negotiated. Facility space rental such as banquet hall, meeting/boardrooms or community rooms is available year-round (daily rental) and the arena floor is available in the summer at some locations.
- All the Arena Boards have accessory operations, providing snack bar/vending and pro shop services such as skate sharpening, selling hockey equipment and house league jerseys, snack bar food, and hot and cold beverages. The arenas also sell advertising space on rink boards, backlit lights and on ice resurfacers.
- Leaside Gardens' indoor swimming pool is rented to Parks, Forestry & Recreation.
- Two Arena Boards provide contracted services: North Toronto Memorial Arena provides contracted services to Parks, Forestry & Recreation – ice maintenance of the adjacent outdoor artificial ice rink. Ted Reeve Arena provides contracted services to the Beaches Sport Centre, who operate an adjacent bubble-covered rink under contract with the City.
- Revenue from ancillary operations account for 24% of total earned revenues which goes towards covering arena operating expenses and contribute towards the Arena Boards' ability to break even financially.
- The 2011 current service levels will remain the same for 2012; there are no service level changes planned. The 2012 proposed service levels for the Program's services and activities are as detailed above.

2012 Service Deliverables

The 2012 Recommended Operating Budget of \$6.731 million gross and \$(0.007) million net will enable the Arena Boards of Management Program to:

- ✓ Deliver a total of 39,200 hours of available ice time, comprising of 21,700 hours of prime time ice and 17,500 hours of daytime ice, to the community across the eight Arena Boards; and
- ✓ Support the ongoing delivery of in-house programs such as house leagues, hockey schools and summer camps, skating programs, and the provision of accessory services such snack bar/vending, pro shop, skate sharpening, and meeting/banquet facility rental to the local community and users.

All eight arenas are operating at full capacity (prime time ice usage) and expect to continue to do so in the foreseeable future.

PART III: RECOMMENDED BASE BUDGET

**2012 Recommended Base Budget
(In \$000s)**

(In \$000s)	2011 Appvd. Budget	2012 Recommended Base	Change 2012 Recommended Base v. 2011 Appvd. Budget		FY Incremental Outlook	
			\$	%	2013	2014
GROSS EXP.	6,536.7	6,730.7	194.0	3.0	(43.6)	
REVENUE	6,542.1	6,738.2	196.1	3.0	(43.6)	
NET EXP.	(5.3)	(7.5)	(2.1)	40.4	0.0	0.0
Approved Positions	65.5	65.5	0.0	0.0		

Target Comparison	10% Reduction Target	2012 Rec.'d Reduction	2012 Rec'd Reduction vs. 2012 10% Reduction Target	Target %
2012 Reductions	0.0	0.0	0.0	N/A

2012 Recommended Base Budget

- The 2012 Recommended Base Budget of \$6.731 million gross and \$(0.007) million net is \$0.002 million or 40% better than the 2011 Approved Operating Budget of \$(0.005) million net revenue.
- There was no reduction target set for the Arena Boards.
- The 2012 Recommended Operating Budget reflects the 2011 approved staff complement of 65.5 positions for the Program as a whole; there are no position changes, as indicated in the chart below:

2012 Recommended Staff Complement – Base Budget Summary

Changes	Staff Complement
2011 Approved Positions	65.5
- 2011 In-year Adjustments	
2011 Approved Staff Complement	65.5
2012 Recommended Staff Complement Changes:	
- 2012 Temporary Positions - Capital Project Delivery	
- 2012 Operating Impacts of completed Capital Projects	
- 2012 Service Changes	
Total Recommended Positions	65.5

2012 Recommended Service Changes

- The Arena Boards of Management Program's 2012 Recommended Base Budget does not include any service changes.

2013 and 2014 Outlook:

- The 2013 and 2014 Outlook maintains the 2012 recommended level of service.
- All eight Arena Boards are in compliance with the City's Ice Allocation Policy currently and project continued compliance in 2013 and 2014.
- At this time, the Arena Boards of Management have not committed themselves to any projected salary/wage increase amounts for 2013 and 2014.
- As is the Arena Boards' practice, any budgetary pressures such as salary/wage increase, and inflationary increases due to economic factors, are usually offset by increased revenue through ice rate increases and program user fee increases.
- The 2013 Outlook includes a reversal of a 2012 budgeted one-time cost of \$0.044 million (sick bank payout) at Moss Park Arena that is funded by a withdrawal of \$0.044 million from the City's Sick Leave Reserve Fund, for a net zero impact.

PART V: ISSUES FOR DISCUSSION

2012 and Future Year Issues

2012 Issues

Core Service Review Approvals

- At the Special Council Meeting of September 26 and 27, 2011 City Council adopted the following recommendation emanating from the Core Service Review:

"City Council referred the following Recommendation 8(o) of the report (September 9, 2011) from the City Manager to the City Manager for inclusion in broader service, and organizational studies to be reported to Standing Committees, and Council as required:

8. Refer the following KPMG opportunities to the City Manager for inclusion in broader service, organizational studies to be reported to Standing Committees and Council as required:

8(o). Arenas (Directly Operated and Board Operated): Consider examining the existing business and governance models currently in place at all arenas (internally operated arenas and all 8 arena boards)."

- The study will be undertaken in 2012 and outcomes to be reported to City Council through Standing Committee.

Harmonization of Sick Leave Plans for Management and Non-Union Employees of the Arena Boards:

- The 2012 Recommended Operating Budget includes a sick bank payout to a retiring staff member at Moss Park Arena that is funded by a draw on the City's Sick Leave Reserve Fund. Moss Park Arena's accumulated contributions to 2012 totals \$0.030 million. Moss Park Arena will continue to make annual contributions of \$5,000 to the City's Sick Leave Reserve Fund in future years for its future retirees who are eligible for a sick bank gratuity payout.
- On July 25-27, 2006, City Council adopted Clause 29c of Policy and Finance Committee Report 4, entitled Harmonization of Sick Leave Plans for Management and Non-Union Employees, which approved the Short Term Disability Plan for City of Toronto Management and Non-Union Employees, and the recommendation that "this policy be forwarded to each of the City's ABC's and that they be encouraged to implement the same policy for their Management and Non-Union employees".

Appendix 1

2011 Performance

2011 Key Accomplishments:

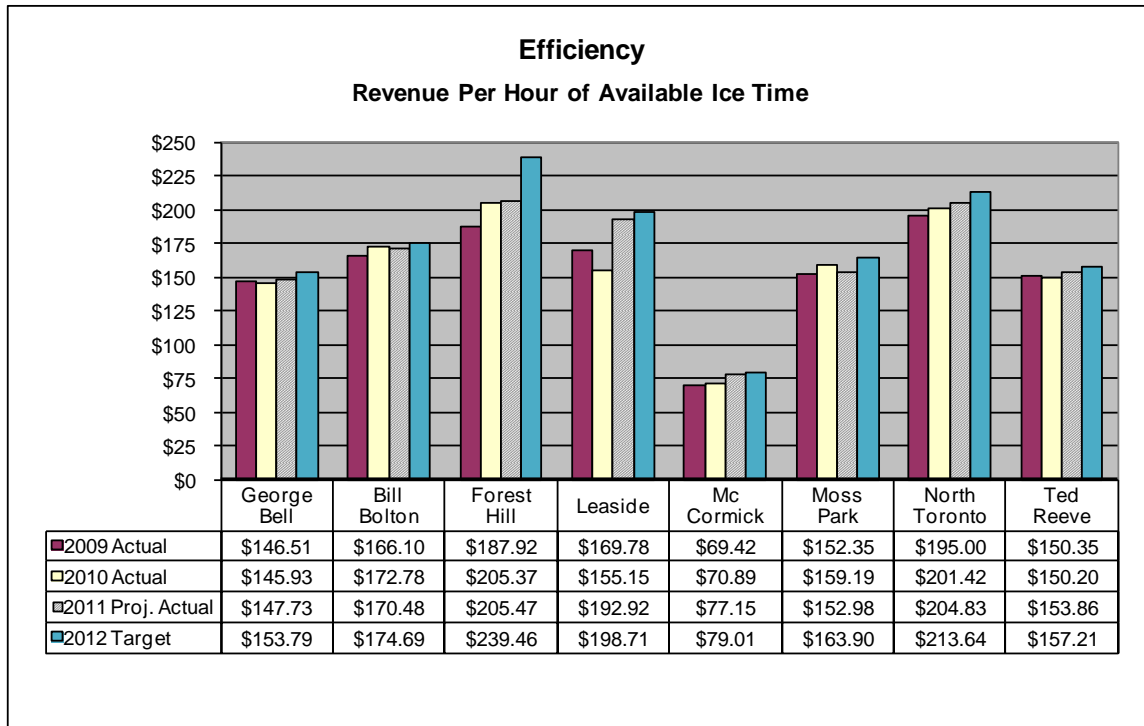
In 2011, the Arena Boards of Management achieved the following results:

- ✓ All eight arenas operated at full capacity, delivering a combined total of 40,200 hours of available ice time and scheduled in-house programs, to the local community.
- ✓ All eight arenas' 2011/2012 Fall/Winter Ice Season prime time ice allocations were in compliance with the City's Ice Allocation Policy.
- ✓ All eight arenas maintained a high service level to the local community and maintained overall high customer satisfaction levels.
- ✓ The Arena Boards maintained a sustainable revenue stream in support of arena operations; 2011 projected revenues from ancillary operations of \$1.551 million account for 24% of total earned revenue of \$6.556 million. The success of arena ancillary operations contributed to the Arena Boards' ability to meet its financial mandate. Seven out of eight Arena Boards expect to break even or produce a small surplus in 2011.
- ✓ George Bell Arena took delivery of a new ice resurfacer in October 2011. Capital purchases of ice resurfacer replacements are funded from the Arenas' pooled annual contributions to an Arena Boards of Management Vehicle & Equipment Replacement Reserve, held by the City.

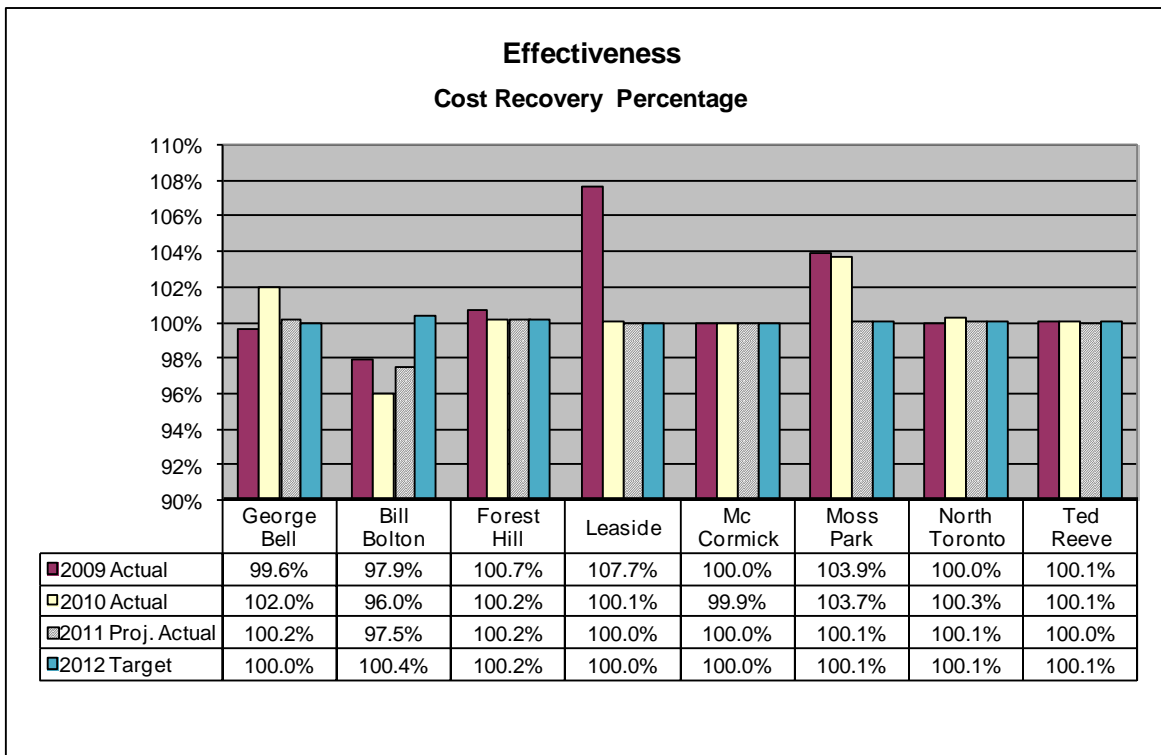
2011 Performance



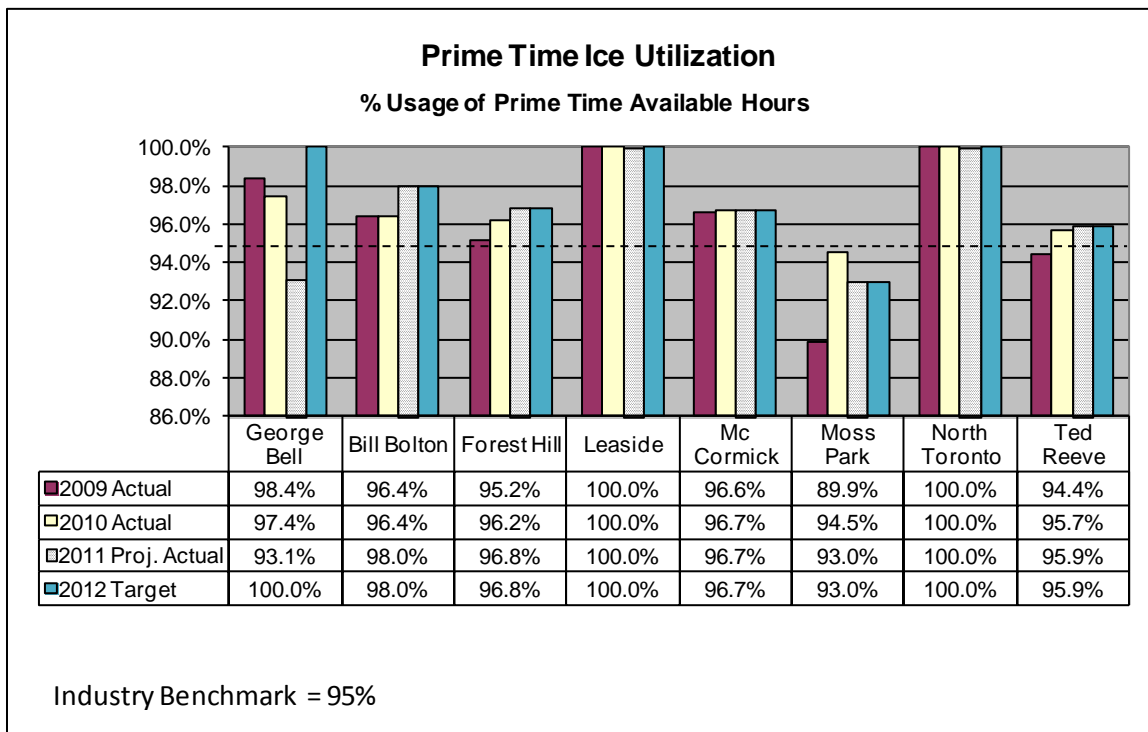
- The efficiency measure "Total Cost per Hour of Available Ice Time" takes the total operating costs of an arena and divides by the available hours of ice time to be booked or used.
- Cost per hour fluctuations are attributed to arena closures for major renovations (Forest Hill in 2012), emergency shutdown due to power failure or equipment breakdown requiring emergency repairs. The quantity and dollar values of the small repairs and maintenance projects undertaken by an Arena Board will also affect the cost per hour of ice.
- Depending on whether an arena has one or two ice rinks and the size of the ice pads (both McCormick and Forest Hill have one large and one small ice rink), and the length of its ice season, and whether it's a year-round ice operation (Forest Hill), these factors will affect the cost per hour of available ice time.
- The cost per hour of ice time increases every year due to inflation and labour cost increases while the amount of available ice time remains static.



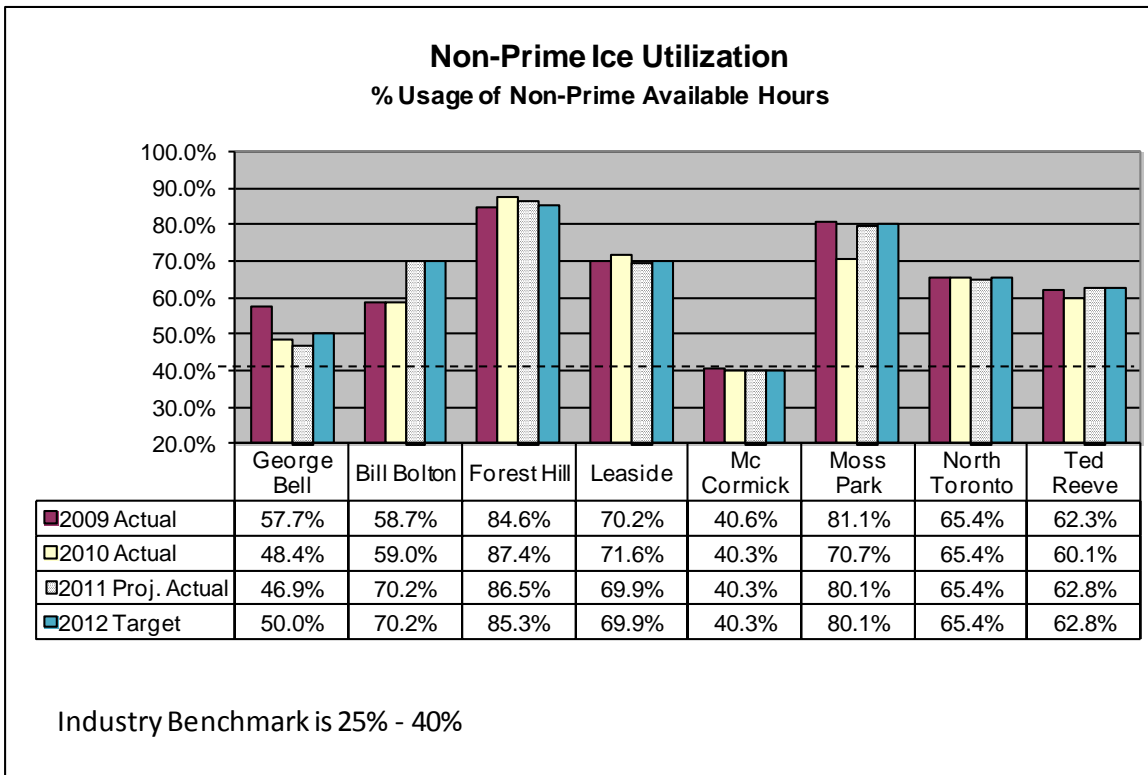
- Revenue per hour of available ice time fluctuations can be due to arena shutdown for major renovation, emergency repairs, variable sales revenue from ancillary operations (snack bar/vending; pro shop, facility space rental), sponsorships, advertising revenue and one-time revenue from film shoots.
- Again, depending on whether an arena has one or two ice rinks and the size of the ice pads (both McCormick and Forest Hill have one large and one small ice rink), and the length of its ice season, and whether it is a year-round ice operation (Forest Hill), will affect the total revenue per hour of available ice time. Less revenue can be generated from a small ice rink than from a large rink and if an arena has year-round ice operations, summer ice utilization is less than during the Fall/Winter Ice Season, therefore less revenue per hour of available ice.



- A key mandate of the Arena Boards is to manage and operate the arena (a City-owned asset) effectively and efficiently at no cost to the City. The goal is to have a neutral impact on City finances by generating sufficient revenue to fund operations.
- The effectiveness measure "Cost Recovery Percentage" indicates how each arena is performing – is the Arena Board meeting its mandate. Arenas that break even or generate a net surplus are not costing the taxpayer. Arena net operating surpluses become part of the City's general revenues; if an arena incurs a net operating deficit, the City must fund the deficit.
- Cost recovery percentage fluctuations from year to year can be caused by unanticipated demand changes in ice rentals or expanded in-house programs, variable revenues from accessory operations (more or less snack bar/vending and pro shop sales and facility space rentals), advertising, sponsorship and one-time revenues, arena shutdown for major renovation, emergency repairs, and the quantity, type and dollar value of repairs and maintenance projects. For instance, in 2009 Leaside Gardens received a one-time WSIB refund of \$0.038 million. In 2008 and 2009, Moss Park Arena experienced very high demand for its in-house programs, hockey schools and summer camps, thus the high cost recovery percent.
- Seven out of eight Arena Boards expect to break even or produce a small net surplus in 2011, for 100% or higher cost recovery percentages. The 2012 Recommended Operating Budget for the Arena Boards indicates that they all plan to break even or generate a net surplus in 2012.



- Prime Time Ice Utilization – the industry benchmark for prime time ice utilization is 95% booked for a standard ice season.
- All eight Arena Boards are operating at or near 100% full capacity for prime time ice during the Fall/Winter Ice Season. Prime time ice utilization is very constant from year to year.
- Fluctuation in prime time ice utilization from year to year is usually due to emergency repairs of mechanical system breakdowns posing a health and safety risk to ice users as in the case of Moss Park Arena in 2009.
- Four arenas have year-round ice operations (William H. Bolton, Forest Hill, McCormick, Moss Park). Their prime time ice utilization reflect the total of the standard Fall/Winter Ice Season plus the Spring and Summer ice seasons' prime time hours sold versus availability. This explains why the combined (year-round average) prime time ice utilization is less than 99–100%.
- McCormick Arena and Forest Hill Arena's prime time ice utilization is a composite figure for the two ice surfaces combined. Although both the large and small ice rinks are fully booked during prime time hours, the smaller ice surface at both arenas are more difficult to rent out and is mainly used for shinny hockey and practices.



- Non-Prime Ice Utilization – mostly daytime ice and late night ice during Mondays to Fridays 7:00 a.m. to 4:00 p.m. and 11:00 p.m. to 1:00 a.m. The industry benchmark for non-prime ice utilization ranges from 25% to 40% average rental for the standard ice season for a good arena.
- Seven out of eight Arena Boards show that they are averaging 50% to 87% rental of non-prime ice time which is well above the industry average and much higher than Park, Forestry & Recreation's goal of 25%.
- McCormick Arena's 40% utilization of non-prime ice time represents a composite figure for the two ice surfaces combined, one large and one small ice rink, and is within the industry benchmark of 40%. The small rink is difficult to rent out at the best of times, but during the day there is little demand for the small ice surface except for shinny which does not generate much revenue.
- All eight Arena Boards actively market and program daytime ice to the local community.

2011 Budget Variance Analysis

2011 Budget Variance Review (In \$000s)

(In \$000s)	2009 Actuals	2010 Actuals	2011 Approved Budget	2011 Projected Actuals*	2011 Appvd. Budget vs Projected Actuals Variance	
	\$	\$	\$	\$	\$	%
GROSS EXP.	6,172.1	6,379.4	6,536.7	6,572.9	36.1	0.6
REVENUES	6,253.5	6,390.1	6,542.1	6,556.5	14.5	0.2
NET EXP.	(81.4)	(10.8)	(5.3)	16.3	21.6	(407.3)
Approved Positions	65.5	65.5	65.5	65.5	-	-

* Based on the Third Quarter Operating Budget Variance Report.

2011 Experience

- The Arena Boards of Management Program as a whole is projecting actuals of \$0.016 million net at 2011 year-end, which is a \$0.022 million unfavourable variance against the 2011 Approved Operating Budget of \$(0.005) million net.
- Seven of the eight Arena Boards expect to break even or generate a small net operating surplus by 2011 year-end. See individual arena performance in Appendix 6.
- Bill Bolton Arena is forecasting an unfavourable variance of \$0.21 million due to unforeseen building and equipment repairs/replacements in 2011.

Impact of 2011 Operating Variance on the 2012 Recommended Budget

- The 2011 operating variance will not impact the 2012 Recommended Operating Budget.
- All eight Arena Boards plan to provide the same service level in 2012 as provided in 2011.

Appendix 2

2012 Recommended Operating Budget by Expenditure Category and Key Cost Drivers

Program Summary by Expenditure Category (In \$000s)

Category of Expense	2009	2010	2011	2011	2012	2012 Change from		2013	2014
	Actual	Actual	Budget	Projected Actual	Recommended Budget	2011 Approved Budget	%	Outlook	Outlook
	\$	\$	\$	\$	\$	\$		\$	\$
Salaries and Benefits	3,467.4	3,674.3	3,761.7	3,783.2	3,956.7	195.0	5.2%	3,913.1	3,913.1
Materials and Supplies	1,595.6	1,658.0	1,826.7	1,791.7	1,812.3	(14.4)	-0.8%	1,812.3	1,812.3
Equipment	99.6	62.9	35.5	30.5	47.2	11.7	33.0%	47.2	47.2
Services & Rents	819.7	816.6	718.8	775.8	723.7	4.8	0.7%	723.7	723.7
Contributions to Capital	22.0	6.4	22.0	22.0	22.0	0.0	0.0%	22.0	22.0
Contributions to Reserve/Res Funds	167.8	161.2	172.0	169.6	168.8	(3.2)	-1.9%	168.8	168.8
Other Expenditures									
Interdivisional Charges									
TOTAL GROSS EXPENDITURES	6,172.1	6,379.4	6,536.7	6,572.9	6,730.7	194.0	3.0%	6,687.1	6,687.1
Interdivisional Recoveries									
Provincial Subsidies									
Federal Subsidies									
Other Subsidies									
User Fees & Donations	5,295.1	5,470.9	5,575.1	5,612.3	5,699.7	124.6	2.2%	5,699.7	5,699.7
Transfers from Capital Fund					43.6	43.6	n/a		
Contribution from Reserve Funds									
Contribution from Reserve									
Sundry Revenues	958.3	919.3	966.9	944.2	994.9	27.9	2.9%	994.9	994.9
TOTAL REVENUE	6,253.5	6,390.1	6,542.1	6,556.5	6,738.2	196.1	3.0%	6,694.6	6,694.6
TOTAL NET EXPENDITURES	(81.4)	(10.8)	(5.3)	16.3	(7.5)	(2.1)	40.4%	(7.5)	(7.5)
APPROVED POSITIONS	65.5	65.5	65.5	65.5	65.5	0.0	0.0%	65.5	65.5

2012 Key Cost Drivers

- The key cost drivers for the Arena Boards are higher operating costs driven by inflationary increases and repairs/maintenance of ageing facilities and equipment. An additional \$0.194 million in gross expenditures recommended for the Program's Base Budget is needed in order to deliver 2011 services and service levels in 2012 dollars.
 - Labour costs of \$3.957 million represent 59% of the gross expenditure budget. Salaries and wage increases driven by cost of living and progression pay, higher employer contribution of CPP, EI and OMERS, and benefits cost increases, average 4% or \$0.151 million more than in 2011.

- Utilities (hydro, gas, water) costs continue to rise every year, with hydro rates going up by 3% and water rates going up 9% in 2012. The budget for utilities is \$1.237 million in 2012 and accounts for 18.4% of gross expenditures.
 - Inflationary cost increases on materials, supplies, utilities and services total \$0.064 million.
 - Aging facilities and equipment require more costly and frequent repairs and maintenance. The 2012 budget for repairs and maintenance of \$0.371 million representing 5.5% of gross expenditures is 2% or \$0.008 million less than in 2011 due to fewer and/or less costly state of good repair projects in 2012. Facility and equipment repairs and replacements that cost less than \$50,000 are provided for through the arenas' operating budgets.
 - All eight Arena Boards are required to make annual contributions of at least \$10,000 per arena from operating revenues to the Arena Boards of Management Vehicle & Equipment Replacement Reserve, held by the City, for future ice resurfacer replacements. 2012 contributions totaling \$0.082 million represent 1.2% of the gross operating budget.
 - Leaside Gardens rents its indoor swimming pool to Parks, Forestry & Recreation who programs it, while Leaside's responsibility is to operate and maintain the swimming pool. The pool rental fee of \$0.267 million in 2012 reflects 100% cost recovery of pool operating costs, including direct labour costs, pool materials and supplies, utilities, repairs and maintenance expenses, and an allocation of Leaside's indirect overhead costs.
- In general, gross expenditures have increased over the years, driven by inflation and volume increases, and aging facilities and equipment that require more frequent and more costly repairs and maintenance. Total operating costs will increase by 3% in 2012 over 2011.
 - Revenues have also increased over the years, generated by ice rental rate increases indexed to inflation or cost recovery, increased demand for daytime and summer ice time rental, more program participants, and increased ancillary revenues from snack bar/vending and pro shop operations, facility space rental and advertising. Total revenues will increase by 3% in 2012 over 2011, which will offset 2012 total operating costs.
 - All eight Arena Boards plan to break even or generate a small net surplus in 2012.

Other Base Changes

- Moss Park Arena has budgeted for a sick bank payout of \$0.044 million to a permanent staff member who will be retiring in early 2012. This one-time expenditure is offset by a draw on the City's Sick Leave Reserve Fund of \$0.044 million, for a net zero impact in 2012. Moss Park Arena's accumulated contributions to 2012 will total \$0.030 million. Moss Park Arena will continue to make annual contributions of \$5,000 to the City's Sick Leave Reserve in future years for its future retirees who are eligible for a sick bank gratuity payout.
- Forest Hill Memorial Arena will close in the summer of 2012 for four months (May – August) for major arena renovations that is planned for in the Parks, Forestry & Recreation 2012 Capital Budget. The loss in summer ice rental revenue will be offset by increasing daytime and small rink ice rentals during the Fall/Winter Ice Season and reduced utilities and repairs/maintenance expenses in 2012 resulting in a net zero impact overall.

Appendix 5

Inflows/Outflows to/from Reserves & Reserve Funds

Program Specific Reserve/Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Description	2012*	2013	2014
			\$	\$	\$
Arena Boards of Management Ice Resurfacer Replacement Reserve	XQ1705	Projected Beginning Balance	72.3	54.3	54.3
		Proposed			
		Withdrawals (-)	(100.0)		
		Contributions (+)	82.0		
Balance at Year-End			54.3	54.3	54.3

*Projected Balance as of December 31, 2011

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of December 31, 2011 *	Proposed Withdrawals (-) / Contributions (+)		
			2012	2013	2014
			\$	\$	\$
Insurance Reserve Fund	XR1010	31,692.9	81.8		
Sick Leave Reserve Fund	XR1007	13,749.2	5.0		
Sick Leave Reserve Fund	XR1007	13,749.2	(43.6)		
Total Reserve / Reserve Fund Draws / Contributions			43.2	-	-

* Based on 3rd Quarter Variance Report

Appendix 6

2012 Recommended Operating Budget by Arena Board

(In \$000s)

Arena (In \$000s)	2009 Actual	2010 Actual	2011 Approved Budget	2011 Projected Actual	2012 Recommended Budget	Change 2012 Recommended Budget vs. 2011 Approved Budget		FY Incremental Outlook	
	\$	\$	\$	\$	\$	\$	%	2013 \$	2014 \$
GROSS EXP.									
George Bell	547.6	555.7	588.0	572.7	597.6	9.6	1.6%		
Wm H. (Bill) Bolton	813.3	863.9	820.0	841.2	836.6	16.6	2.0%		
Forest Hill	991.8	1,048.9	1,035.8	1,046.3	1,036.8	1.0	0.1%		
Leaside	836.9	866.6	983.1	983.1	1,012.1	29.0	2.9%		
McCormick	622.2	635.9	691.1	691.1	707.7	16.6	2.4%		
Moss Park	733.7	780.3	739.9	758.8	813.0	73.1	9.9%	(43.6)	
North Toronto	806.6	832.2	853.1	850.7	887.2	34.1	4.0%		
Ted Reeve	819.8	795.8	825.8	829.0	839.8	14.0	1.7%		
Total Expenditures	6,172.1	6,379.4	6,536.7	6,572.9	6,730.7	194.0	3.0%	(43.6)	0.0
REVENUES									
George Bell	545.3	567.1	589.3	574.1	597.6	8.4	1.4%		
Wm H. (Bill) Bolton	796.3	829.0	820.0	820.0	840.3	20.3	2.5%		
Forest Hill	998.6	1,051.1	1,037.6	1,048.1	1,038.8	1.2	0.1%		
Leaside	901.4	867.4	983.4	983.4	1,012.2	28.7	2.9%		
McCormick	622.0	635.2	691.3	691.3	707.9	16.6	2.4%		
Moss Park	762.1	809.2	740.4	759.2	813.4	73.0	9.9%	(43.6)	
North Toronto	806.8	834.7	853.7	851.2	887.7	33.9	4.0%		
Ted Reeve	821.1	796.4	826.3	829.1	840.4	14.1	1.7%		
Total Revenues	6,253.5	6,390.1	6,542.1	6,556.5	6,738.2	196.1	3.0%	(43.6)	0.0
NET EXP.									
George Bell	2.4	(11.4)	(1.3)	(1.4)	0.0	1.3	-100.0%		
Wm H. (Bill) Bolton	17.0	34.9	0.0	21.2	(3.7)	(3.7)	N/A		
Forest Hill	(6.8)	(2.2)	(1.8)	(1.8)	(2.0)	(0.2)	8.4%		
Leaside	(64.4)	(0.8)	(0.4)	(0.4)	(0.1)	0.3	-74.2%		
McCormick	0.2	0.7	(0.2)	(0.2)	(0.2)	(0.0)	10.9%		
Moss Park	(28.3)	(28.9)	(0.5)	(0.5)	(0.4)	0.1	-14.0%	0.0	
North Toronto	(0.1)	(2.5)	(0.7)	(0.5)	(0.5)	0.2	-31.0%		
Ted Reeve	(1.2)	(0.6)	(0.5)	(0.1)	(0.6)	(0.1)	28.4%		
Total Net Expend.	(81.4)	(10.8)	(5.3)	16.3	(7.5)	(2.1)	40.4%	0.0	0.0

APPROVED POSITIONS:									
George Bell	7.2	6.8	6.5	6.5	6.5	0.0	0.0%		
Wm H. (Bill) Bolton	8.0	8.0	8.0	8.0	8.0	0.0	0.0%		
Forest Hill	10.5	9.5	9.8	9.8	9.8	0.0	0.0%		
Leaside	10.1	11.0	11.0	11.0	11.0	0.0	0.0%		
McCormick	7.0	7.0	7.0	7.0	7.0	0.0	0.0%		
Moss Park	6.0	6.0	6.0	6.0	6.0	0.0	0.0%		
North Toronto	7.7	7.7	7.7	7.7	7.7	0.0	0.0%		
Ted Reeve	9.0	9.5	9.5	9.5	9.5	0.0	0.0%		
Approved Positions	65.5	65.5	65.5	65.5	65.5	0.0	0.0%	0.0	0.0