



# The Corporation of the TOWN OF MILTON

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Report To: Committee of the Whole

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From: Kristene Scott, Director, Community Services

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Date: March 21, 2016

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Report No: COMS-007-16

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Subject: Sherwood Community Centre and Library Business Plan

**Recommendation: THAT the Sherwood Community Centre and Library Business Plan, attached as Schedule A, be approved;**

**AND THAT the library component of the community centre proceed to the design development phase subject to the signing of the outstanding library lease at the Milton Centre for the Arts;**

**AND THAT the Sherwood Community Centre and Library Business Plan be used by staff to assist in the preparation of future Operating Budgets;**

**AND THAT staff be authorized to commence the Architectural RFP and design development process;**

**AND THAT an additional 3,500 square foot Multi-Purpose Room be added to the project components during design development and included as an optional priced item during the construction tender process;**

**AND THAT the Director, Community Services be authorized to revise the components of the aquatic centre provided there is consensus with the major aquatic stakeholder groups and no negative financial impact to the Capital and Operating budgets;**

**AND THAT staff be authorized to actively solicit naming rights opportunities for the facility and major components.**

## **EXECUTIVE SUMMARY**

The Sherwood Community Centre and Library Business Plan prepared by Monteith Brown Planning Consultants in association with the JF Group provides an operating financial analysis for the proposed facility. The plan details that the operating impact of



the facility is comparable to similar Community Centres and Libraries that are already serving the Milton community. This report recommends approval of the Business Plan and the implementation of next steps. Some additional recommendations on revenue generation opportunities and facility component revisions are also included in the report.

## REPORT

### Background

In early 2016, Council approved the recommended facility components and capital cost estimate for the Sherwood Community Centre and Library. The facility will be located on a district park site on Main Street West, just east of Tremaine Road and adjacent to the existing Sherwood District Park. The facility will house a twin pad arena, aquatic complex, multi-purpose spaces, senior's space and a branch library.

The purpose of this report is to present the Business Plan and the estimated operating impacts associated with the facility.

### Discussion

Monteith Brown Planning Consultants in conjunction with the JF Group completed the Sherwood Community Centre and Library Business Plan attached as Schedule A. The work was the outcome of a number of previously approved documents (Older Adult Strategy, Community Services and Library Master Plans, and Sherwood Community Centre & Library Component Study). The purpose of the Business Plan is to provide a detailed financial analysis and 5 year operating impact estimate for the proposed facility. The consultants utilized a variety of data sources to inform the projections including staff interviews, industry measures, industry operating best practices and comparable financial reports from other Town facilities.

The Business Plan indicates that the impact to the Town's operating budget once the facility is operational is comparable to the other Town Community Centre and Library operations. Town and library staff will work together during the detailed design and operational planning phases of the project to identify additional operating synergies and efficiencies from the combined facility that may be realized and potentially lead to a reduction in operating costs.

Town staff are also recommending through this report that opportunities for selling the naming rights to the facility and associated components be explored. Commercial naming rights to municipal Community Centres are becoming increasingly more common as tools to increase annual revenue and reduce the operating impacts on the local taxpayer. The Business Plan as presented today does not include naming rights revenues. If the concept of naming rights to the facility were to be approved by Council and subsequently achieved, the annual operating impact could be improved.

The projected timelines for the project are as follows:



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- March, 2016 – Council review and approval of the Business Plan
- April, 2016 – External Project Manager retained followed by the immediate completion of the Architectural RFP
- June, 2016 – Architect retained
- July, 2016 to March, 2017 – Design development
- Spring, 2017 to Winter, 2019 – Construction
- Spring, 2019 – Facility open to the public

During the design development phase of the project, a number of consultation sessions will occur. These include but are not limited to the key stakeholder groups who will regularly utilize the facility, the Milton Public Library Board and the general community. Additionally, staff will engage the residents who live adjacent to the site of the facility to ensure they are well informed and involved during the design process.

Three additional facility component options were discussed in the Sherwood Community Centre and Library Component Study Council report including (a) Hot Tub, (b) Rock Climbing Wall, and (c) Additional Multi-Purpose Space. Staff was asked to investigate these options in more detail during the business plan phase. The following are staff recommendations related to these requests:

(a) Hot Tub – Do not proceed based on a number of factors including capital budget, operating budget and demand analysis.

(b) Rock Climbing Wall – Do not proceed as the potential community need is expected to be met by a new private facility.

(c) Additional Multi-Purpose Space – Proceed with the addition of a 3,500 square foot space during design development. Currently, only the Milton Sports Centre Banquet Room and Milton Memorial Arena Lion's Hall achieve the size and function of a room that is proposed to be added to the Sherwood Community Centre. The demand on the two existing rooms is very high and is projected to be high at the new facility if included. The operating impact to the budget would be positive as revenue would exceed expenses for the delivery of this additional space. The capital cost estimate for the additional space is \$950,000 to \$1,300,000 and staff is recommending to add it and obtain optional pricing on this component when the project is tendered for construction. Approval to include the additional space would only move forward if the current capital budget covered the incremental costs associated with including this space.

Staff also looked at an opportunity to introduce squash courts at this site but feel that it would be too premature given that more work is required to understand demand and the potential operating impact. Staff will continue to review this area and potentially include



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squash as a recommendation for another new site or as part of a retrofit project to support the shift in demographics and need for alternative programming opportunities.

As the business plan was being prepared, the operating model of the aquatic centre was looked at in greater detail and some new component options contemplated. Staff subsequently met with some of the major aquatic stakeholder groups to have initial discussions regarding the potential to reconfigure the components within the aquatic centre. Staff is recommending that these discussions continue during design development to achieve a facility that meets the needs of all customers including external rental groups and Town operated aquatic programs. If the needs of all parties can be met, either at this facility or other Town aquatic facilities in a satisfactory manner, the components of the aquatic centre will be revised provided there is no negative impact to both the operating and capital budget for the facility.

## Financial Impact

The operating analysis for the facility completed in the business plan will provide a basis for preparation of future operating budgets. With the facility estimated to open to the public in the Spring of 2019, there will be no operating impact until 2018 at the earliest.

Respectfully submitted,  
Kristene Scott  
Director, Community Services

For questions, please contact: Steve Palmer 905-878-7252 ext.2581

## Attachments

Schedule A: Sherwood Community Centre and Library Business Plan

CAO Approval  
William Mann, MCIP, RPP, OALA, CSLA, MCIF, RPF  
Chief Administrative Officer



**Town of Milton / Milton Public Library**

# **Sherwood Community Centre & Library Component Study**

**Sherwood Community Centre - Operating and Business Plan**

March 21, 2016 (revised)

Prepared by:



## Executive Summary

Phase One of the Sherwood Community Centre and Library Component Study confirmed the facility components, space allocation and capital cost estimates associated with the Town of Milton’s next community centre development. Specifically, the Study identified that the Centre would contain a twin pad arena, an aquatic centre, several multi-purpose rooms, an active living studio and the branch library. While the final space program will be determined during the design phase of the project, initial estimates suggest that the core components would be accommodated in approximately 130,000 square feet of gross floor space.

This phase of the Study is to identify the operating cost implications of the new Centre through the development of a business plan. The plan is based on the following assumptions.

- The operating model that will be adopted for the Sherwood Community Centre is based on the current models of counterpart facilities operated by the Town.
- Financial forecasts are segmented into “business areas” that are generally aligned with the components of the facility: arena, aquatics, general programs, concessions, rentals and the branch library.
- Operating and financial performance of comparable facilities has been used as the basis for estimating revenue and costs in each business unit.

Town staff who are currently responsible for arenas, aquatics and general programs in other Milton community centres prepared programs plans and anticipated participation levels for each area of business. The Town’s prevailing fee policy was applied to projected program fill rates to estimate revenues arising from each activity area. Town personnel also prepared staffing plans for the new Centre. Based on the estimated full-time and part-time labour requirements and the associated pay grade, staffing cost estimates were projected for each area of business. Finally, based on the operating profiles of other Town community centres, the consultants prepared expense metrics related to utility consumption, operational and supply costs as well as the maintenance requirements of the new facility.

A similar process was undertaken to project the estimated operating performance of the new branch library located at Sherwood.

The revenue and cost projections for each area of business is described and presented in detail in the business plan. A summary of the financial projections contained in the plan is presented in Table 1, Table 2, and Table 3.

**Table 1: 5-Year Projected Community Centre Financial Performance**

Component	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Community Centre Revenue</b>	-\$2,000,000	-\$2,155,000	-\$2,306,000	-\$2,363,000	-\$2,422,000
<b>Community Centre Cost</b>	\$2,677,000	\$2,744,000	\$2,812,000	\$2,883,000	\$2,955,000
<b>Total Sherwood CC</b>	<b>\$677,000</b>	<b>\$589,000</b>	<b>\$507,000</b>	<b>\$520,000</b>	<b>\$533,000</b>

**Table 2: 5-Year Projected Branch Library Financial Performance**

<b>Component</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
<b>Branch Library Revenue</b>	-\$35,000	-\$36,000	-\$37,000	-\$38,000	-\$39,000
<b>Branch Library Cost</b>	\$718,000	\$736,000	\$755,000	\$774,000	\$793,000
<b>Total Branch Library</b>	<b>\$683,000</b>	<b>\$700,000</b>	<b>\$718,000</b>	<b>\$736,000</b>	<b>\$754,000</b>

**Table 3: 5-Year Consolidated Projected Financial Performance for Entire Project**

<b>Component</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
<b>Cost</b>	\$3,395,000	\$3,480,000	\$3,567,000	\$3,656,000	\$3,748,000
<b>Revenue</b>	-\$2,035,000	-\$2,191,000	-\$2,343,000	-\$2,401,000	-\$2,461,000
<b>Total Project</b>	<b>\$1,360,000</b>	<b>\$1,289,000</b>	<b>\$1,225,000</b>	<b>\$1,255,000</b>	<b>\$1,287,000</b>

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## Section 1: Mirroring Current Operating Profile

The Town of Milton has a long history of operating recreation facilities with recreational components similar to those contemplated for the new Sherwood Community Centre (S.C.C.). The two pad rink, aquatic centre, active living studio and general programming areas have similar characteristics to the Milton Leisure Centre and the Milton Sports Centre. Staff have confirmed that the S.C.C. will be operated in a manner consistent with the operating profile of other Town run community centres.

The financial projections for the new Sherwood Community Centre are based upon the current performance of counterpart facilities operated by the Town. To establish performance metrics, the consultants analyzed the operations of the Milton Leisure Centre (MLC) and the Milton Sports Centre (MSC). This analysis focused on overriding operating strategies, staff deployment approaches, program and scheduling mixes, program registration levels, program and rental fees as well as revenue production and costs levels of each facility. As possible, the metrics were categorized and grouped such that they could be applied to particular program areas – i.e. aquatics, active living, ice facilities, etc.

To inform this business plan, Town staff prepared preliminary program designs for each area of business based upon similar program models offered in other Milton community centres and trend analysis. The financial implications of each program type were based on prevailing parameters related to participation, program fees, fill rates, etc. The consultants tested the validity of these projections by applying the metrics for each business unit at the new Centre. The results of these combined efforts form the basis for the assumptions and financial projections described in the following sections.

## Section 2: Business Units

In developing the financial forecasts for the new Sherwood Community Centre, the following program areas were divided into areas of business generally defined by the facility components that will be included in the Centre.

Administration – staff responsible for the overall customer service in the new facility. The consolidated financial projections for this area of business also include operating cost items required for the administration functions associated with the new centre.

Arenas – all revenue and cost items associated with the two ice rinks.

Aquatic Centre – all revenue and costs associated with water-based activities and programs available in the new pools.

General Programs – all revenue and costs associated with structured programs and general use of the active living and program spaces planned for the new S.C.C. This line of business also includes programs targeting the needs of older adults expected to patronize the Centre.

Concessions – food and beverage sales that are expected to occur at the S.C.C. are captured in this line of business. The operating performance of the concession and vending business at the Milton Sports Centre has been employed as the basis for the sales performance projections.

Rentals – all revenue and costs associated with rentals of the multi-purpose rooms.

Branch Library – the staffing, operating and supply costs associated with operating a Branch Library in Milton.

As mentioned earlier, the operating performance of comparable facilities has been used as the basis for estimating revenue and costs associated with each business unit. Where necessary, certain assumptions have been “normalized” based on industry standards or site specific considerations.

Standardized assumptions that have been utilized in the development of financial forecasts for each business unit are as follows.

- Staff salaries, wages and benefits are based on the Town’s compensation levels. Full-time and part-time benefit packages have been calculated utilizing Milton’s prevailing benefits percentages. Due to potential fluctuations in benefit cost calculations, labour expenses are presented on a total payroll cost basis throughout this report.
- Utility costs are based on the actual cost of gas, water and electricity consumed at the Milton Sport Centre – note: the MSC’s utility costs are derived directly from utility bills.
- The Town’s prevailing fee policy has been utilized for the first year’s revenue projections for each business unit.
- Rates and fees have been increased 2.5% per year in accordance with customary Town policy.

- Costs have been increased 2.5% a year to account for inflation.
- Revenue and cost values presented herein are rounded to the nearest thousand dollars ('000).

### Administration

The administration business unit of the Sherwood Community Centre will be consistent with the magnitude of the facility as well as the elements contemplated for the Centre. The staff complement will be made up of full and part-time personnel in positions necessary to provide adequate customer service for the entire facility. The following assumptions have been utilized to project the payroll costs for this area business.

- The facility will operate 52 weeks a year.
- The Recreation Facility Administrator will work a 35 hour week.
- A sufficient number of part-time customer service representatives will be deployed to cover the customer service desk for a total of 189 hours per week.

In combination, the preceding factors will result in an administration (year one) payroll cost that is reflected in Table 4.

**Table 4: Administration Staff Complement**

Position	# of Staff	Total Cost
Recreation Facility Administrator	1	\$76,000
Pt Customer Service Reps	NA	\$191,000

### Arenas

Staff developed ice revenue assumptions based upon Milton's typical arena operating profile. It is assumed that the two rinks would operate 12 months per year. The Town's prevailing ice rental rates were applied to project annual revenue production for each of the two rinks' first year of operation. Staff assumed that ice rates would increase by 2.5% per year in subsequent seasons (Table 5).

**Table 5: Year 1 Ice Rental Rates**

Ice User Category	Year 1 Rate Per Hour
Affiliated Youth	\$176.44
Standard	\$235.26
Non Prime	\$165.00
Summer Weekday	\$235.26
Summer Weekend	\$176.44
Standard Non-Res	\$258.78

Staff adopted a relatively conservative ice rental pattern for the two future rinks at the Sherwood Community Centre. This projected use profile is quite reasonable given the demand for ice in Milton (Table 6).

**Table 6: Projected Rented Ice Hours**

Season	Year 1	Year 2	Year 3
Winter	3,421	3,844	4,273
Summer	728	820	860

Estimated ice rental revenue is expected to increase annually in direct proportion to the projected escalations in ice utilization over the first three years of the arena's operation (Table 7).

**Table 7: Projected Ice Rental Revenue**

Season	Year 1	Year 2	Year 3
Total Revenue	\$824,000	\$949,000	\$1,070,000

Staff also anticipate providing a variety of skating opportunities and organized programs at the new Sherwood arena. These programs include public skates, youth and adult oriented stick and puck programs and youth and adult shinny. The projections indicate that in the first year of operations, ice programs would produce approximately \$88,000 in revenue and have a program delivery cost of \$18,000, resulting in a net income production of \$69,000.

The cost of ice maintenance has been estimated based on the following factors.

- The six facility operators will each work a 40 hour week.
- A sufficient number of part-time maintenance staff will be deployed to undertake required maintenance activities for a total of 106 hours per week.

The following labour costs are carried in the ice maintenance cost contained in the consolidated revenue and expense projections (Table 8).

**Table 8: Projected Ice Maintenance Expense**

Position	# of Staff	Total Cost
Facility Operators	6	\$488,000
Pt Maintenance	NA	\$89,000

## Aquatics

The aquatic program will be overseen by an Aquatics Supervisor who will work a 35 hour week. The pools will be programmed in a fashion similar to Milton's existing aquatic environments at the MLC and the MSC. Consequently, it is anticipated that the Sherwood pools will accommodate a combination of instructional programs, recreational swims, swim to survive programs, rentals and Aquafit classes. The leadership component that is currently being offered at the MSC pool is not planned as part of the new Sherwood aquatic program. As usual, aquatic participants will access Sherwood programs through a combination of registrations, memberships and over the counter sales.

Town staff have modeled the Sherwood pool's program design in a fashion consistent with the Milton Sports Centre pool. The detailed financial implications of the pool's operation are contained in the consolidated revenue and expense projection. Table 9 presents the year one summary of this information.

**Table 9: Summary of Projected Aquatic Program Performance**

Aquatic Program Area	Cost/Revenue
<b>Administration</b>	
Aquatic Supervisor	\$95,000
<b>Aquatic Instruction</b>	
Labour	\$138,000
Materials	\$6,000
Revenue	-\$339,000
Net Instruction	-\$195,000
<b>Aquafit</b>	
Labour	\$53,000
Materials	\$1,000
Revenue	-\$48,000
Net Aquafit	\$6,000
<b>Staff Training</b>	
Labour	\$27,000
Materials	\$600
Net Training	\$28,000
<b>Rentals</b>	
Pool Rentals	-\$111,000
<b>Recreation Swim</b>	
Labour	\$122,000
Materials	\$2,000
Revenue	-\$100,000
Net Recreation Swim	\$24,000
<b>Swim to Survive</b>	
Labour	\$7,000
Materials	\$11,000
Revenue	-\$18,000
Net To Survive	\$-
<b>Total Aquatic Program</b>	
Net Financial Performance	-\$154,000

### General Programs

The general programs will be overseen by a Recreation Supervisor who will work a 35 hour week. Staff prepared a program plan that includes the Town's typical mix of programs targeting the needs of youth, older adults and individuals interested in participating in active living endeavours. Youth programs include both pre and post school classes while older adult activities include Tai Chi, table tennis, tap dancing, yoga and cooking. A variety of active living

and art classes are planned for the new centre. In combination, staff anticipates Sherwood will offer an average of 136 program hours per week throughout the year.

As per the municipality’s current practice, it is anticipated that residents will access these programs through registrations, memberships or over the counter sales. Fees for each program alternative will conform to Milton’s prevailing price policy.

Table 10 presents a summary of the program revenue and cost projections for the first year of Sherwood’s operations.

**Table 10: Projected Program Performance**

Program Revenue	Total Staff Cost	Materials Cost	Net Performance
\$199,000	\$217,000	\$13,000	\$31,000

**Concessions**

Concession sales at a recreation centre are derived from facility users or spectators – rarely will someone frequent the centre simply to purchase something from the snack bar. As a result, concession sales performance can be directly linked to the foot traffic experience by the centre. Indeed, sales per capita is an industry standard utilized to estimate and monitor concession revenue production.

Staff have indicated their intention to self-manage the concession at the new S.C.C. in a manner consistent with the operating profile of the concession at the Milton Sports Centre. It is therefore reasonable to estimate the performance of the future Sherwood concession on MSC’s operating metrics.

In 2014, the Sports Centre was patronized by over 1.5 million users and/or spectators. That same year, concession sales amounted to \$269,000 resulting in a total per capita sales level of 17¢ per patron. However, staff report that a significant proportion of gross concession sales arises from arena patrons rather than individuals visiting the Centre to participate in aquatic or general programs. Based on this information the consultants have that assumed a scaled per capita spending threshold for arena users (36¢), pool patrons (3¢) and program participants (9¢).

Foot traffic at the Sports Centre is tracked by “counters” at the facility’s entrances. However, there is no such tracking capability to determine facility elements patronized by each individual visitor. Therefore, the consultants estimated the proportion of patronage based on the facility bookings and rentals, program registrations and general industry data. These estimates suggest that 40% of the MSC facility traffic is associated with arena activities, 30% for aquatic endeavours and 30% for general programs.

In view of the size and configuration of new Sherwood Community Centre, the consultants estimate that the new facility will attract approximately 70% of the sport and recreation patronage experience at the MSC (i.e. 1.1 M S.C.C. visitors compared to 1.5 M MSC patrons). This traffic estimate is based on the fact that the Sherwood arena facility offers two pads of the ice compared to the four pads at the MSC. Therefore rink patronage at S.C.C. is expected to

be approximately half of the Sports Centre arena traffic while the pool and general program visitation is anticipated to replicate the MSC traffic levels. In combination, these assumptions result in arena visitation amounting to 29% of the total anticipated sport and recreation patronage to the new S.C.C. The pool and general program areas are expected to attract 71% of the Sherwood Community Centre’s overall patronage.

The consultants extrapolated the preceding proportional foot traffic assumptions to project the total number of patrons likely to frequent the same three types of facility elements at the new S.C.C. These patronage estimates were then multiplied by the per capita spending thresholds for each type of facility user.

The Library will also draw visitors to Sherwood thereby increasing the Centre’s traffic count and by extension, its concession sales as well. However, the Town does not track sales data or other metrics that can be employed to project concession sales that will arise from Library patrons. Recognizing that a portion of Library visitors will probably purchase some food or beverage products, the consultants have included a \$5,000 placeholder in the concession’s gross sales projections.

Table 11 presents the traffic and sales performance projections for the first year of the S.C.C. concession operations.

**Table 11: Gross Concession Sales Projections for S.C.C.**

Program Area	Traffic	% Traffic	Per Cap \$	Gross Sales
Rink	315,331	29%	-\$0.36	-\$114,000
Pool	472,997	43%	-\$0.03	-\$13,000
Program	315,331	29%	-\$0.09	-\$27,000
<b>Sub-Total</b>	<b>1,103,659</b>	<b>--</b>	<b>--</b>	<b>-\$155,000</b>
Library Sales	--	--	--	-\$5,000
Vending	--	--	--	-\$7,000
<b>Total</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>-\$167,000</b>

The cost structure of a concession is normally grouped in three broad categories of expenses: payroll costs; cost of product sold (often referred to as cost of sales or COS); and general cost of operations (COO) such as uniforms, credit card charges, utensils and other supplies, etc. These expense items are usually expressed as a percentage of gross sales. In 2014, the cost/revenue ratios at the MSC concession were: payroll 37%; COS 40%; and COO 1.5%. Therefore, in 2014, it cost 78¢ to generate \$1.00 in gross sales at the MSC concession. The consultants applied these cost metrics to project the likely gross sales projections expressed in the previous table. In combination, these projections and assumptions would result in the following first year financial performance of the S.C.C. concession (Table 12).

**Table 12: Concession: YR1 Projected Financial Performance**

Item	Cost/Revenue
Payroll Cost	\$57,000
General Operations	\$2,000
Materials and Supplies	\$62,000
Concession Revenue	-\$160,000
Vending Machine Revenue	-\$7,000
<b>Total Concessions</b>	<b>-\$46,000</b>

### Rentals

In accordance with the Town’s typical facility use profile, Sherwood’s three (3) multi-purpose spaces will be a rented by community groups and other organizations for meetings, social gatherings and other functions. Based on the Town’s experience at Milton’s other community centres, staff have prepared an estimated room rental program that contemplates rentals by affiliated and non-affiliated organizations. The Town’s prevailing pricing policy was utilized to forecast revenues arising from renting the three multi-purpose rooms. Table 13 presents the details of this projection.

**Table 13: Projected Room Rental Revenue**

Room	Affiliated Rate	Standard Rate	Hrs Rented	Revenue
Rooms 1 & 2	\$37.24	\$68.81	1,570	\$101,000
Room 3	\$23.31	\$31.08	840	\$25,000
<b>Total</b>	<b>--</b>	<b>--</b>	<b>2,410</b>	<b>\$126,000</b>

### Branch Library

Sherwood Community Centre will be home to a new Branch Library. It is anticipated that this 11,000 square foot facility will financially perform in a similar fashion to the existing Beaty Branch Library. Consequently, staff have based the new Library’s business plan assumptions on Beaty’s actual revenue and costs. In accordance with existing Town leasing arrangements, it is anticipated that the Library will contribute an annual lease rent of \$90,000 for the Branch Library space. Staff report that once the operating model for the shared use of space has been determined, there could be further costs borne by the Library for the use of Community Centre spaces. Additionally, the Library will pay its proportionate share of common area costs related to the public circulation and common lobby spaces. Operating items that are applicable to the entire facility (such as utilities and grounds maintenance) are carried in the appropriate cost centre for the facility at large.

Table 14 presents the year one summary of the Branch Library's anticipated financial performance.

**Table 14: Year 1 Branch Library Financial Estimates**

<b>Item</b>	<b>Year 1</b>
Staffing and Admin.	\$459,000
Rent/Shared Costs	\$90,000
Transfer to Reserve (Books/ Materials)	\$112,000
Support Services	\$48,000
Public Relations	\$10,000
Revenue	-\$35,000
<b>Total</b>	<b>\$683,000</b>

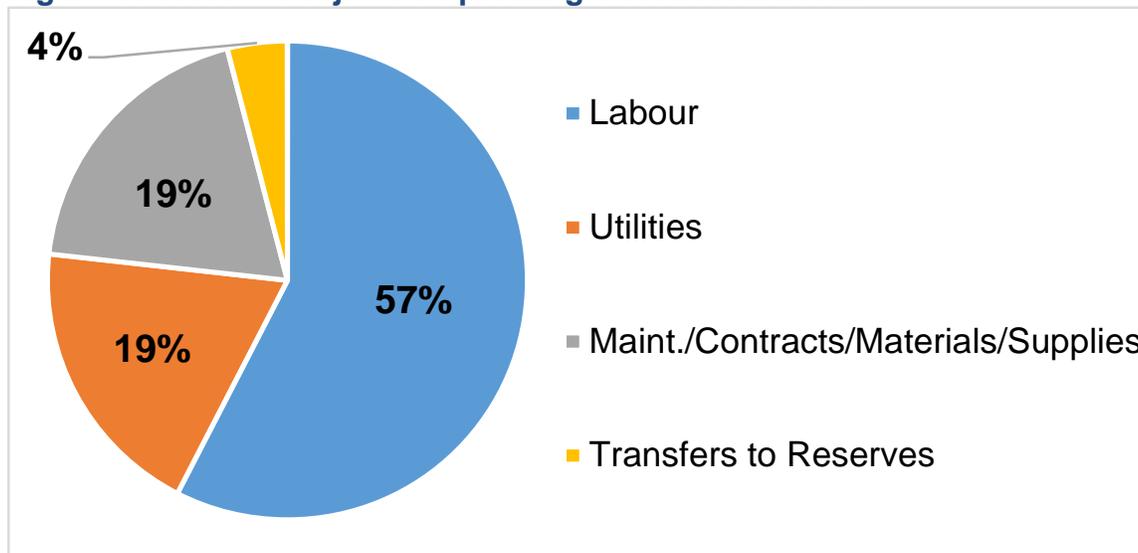
### Section 3: Proportionate Cost Distribution

Typical to expense profiles of the majority recreation or community centres, the new Sherwood Community Centre's payroll costs is projected to be its most significant operating expense item. Recreation program development and delivery, customer service interactions, facility safety and supervision, administration and maintenance requirements are very labour intensive and therefore necessitate a sizeable staff complement with a variety of expertise in a number of disciplines. At Sherwood, it is projected that about 57¢ of every dollar in expense will be allocated to payroll costs.

Recreation facilities are sometimes referred to as "energy hogs" because of the significant amount of gas, electricity and water necessary to sustain their operations. Not surprisingly therefore, utility expense is projected to be the second highest cost factor at the new S.C.C. Prudent operators contain utility costs through the installation of energy conservation technologies or the introduction of progressive energy saving techniques. These types of interventions are well advised given the significant (and climbing) costs associated with utility expense.

In combination, maintenance expenses, contracts – for the pool, ice plant, grounds, etc. - materials, supplies and miscellaneous expenses are expected to represent about 1/5<sup>th</sup> of the operating costs for the new S.C.C. (Figure 1). Again, this is a typical expense pattern comparable to other multi-purpose recreation centres in Milton or in other communities.

**Figure 1: S.C.C. – Projected Operating Cost Distribution:**



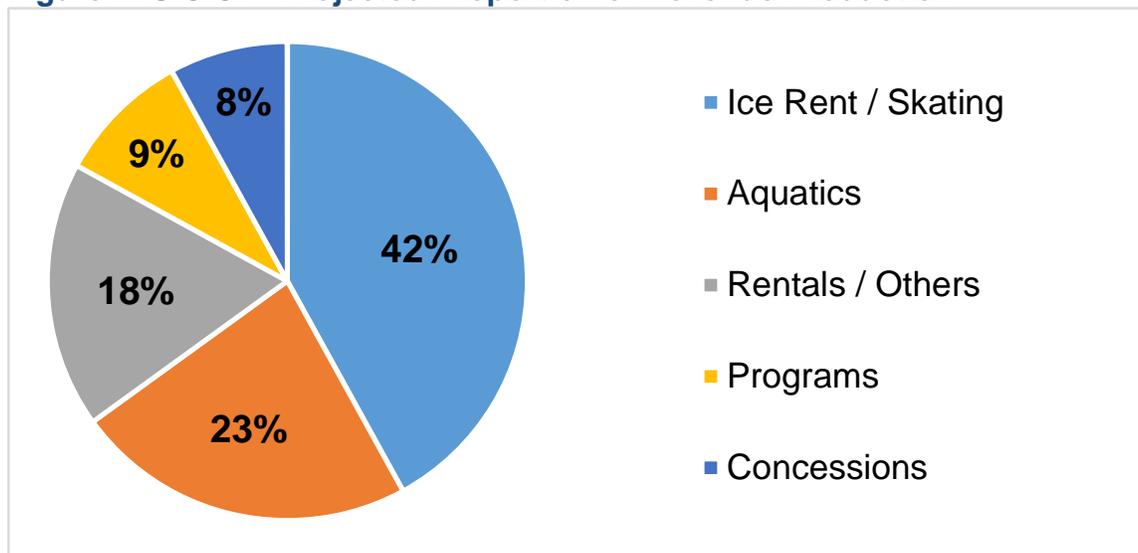
## Section 4: Revenue Drivers

Ice time rented to community user groups is projected to produce 38% of the Sherwood Community Centre's total revenue in the first year of operations. In year one, skating programs will generate 4% of the total Centre revenues, meaning that 42% of Sherwood's entire income stream will arise from ice activities. In the Centre's next two years of operation, the share of total revenue attributed to ice use will climb to 44% and 46% respectively, as the a larger proportion of available ice time is rented to users.

Twenty-seven cents (23¢) of every revenue dollar generated at Sherwood is expected to arise from aquatic activities - instructional program, recreational swimming, Aquafit, etc. Additionally, community group pool rentals are anticipated to produce approximately a third of facility rental income. Rentals of the multi-purpose rooms and library rent income make up the balance of rent revenue that is estimated at approximately 18% of the facility's revenue production.

Revenue arising from children, adults and older adult programs is expected to produce approximately 9% of the facility's total revenue. Concession sales will contribute 8% of Sherwood's total income stream (Figure 2).

**Figure 2: S.C.C. – Projected Proportion of Revenue Production**



## Section 5: Consolidated Performance

As demonstrated the previous sections, staff anticipate that the Sherwood Community Centre will offer a full range of recreation, sport, leisure and cultural services that are consistent with the needs and expectations of the community. While the Centre's inventory of programs will be similar to the types of services available at the MLC and the MSC, staff intend to customize the facility's offerings to best meet the needs of the local neighbourhoods. Furthermore, differentiating the services available at Sherwood from similar programs at other Town Centres will reduce the chance of market cannibalization that could erode participation levels at Milton's other existing facilities.

The Consolidated Projected Financial Performance of the Sherwood Community Centre over its first 5 years of operations is presented in Table 15, Table 16, and Table 17. The table is structured in a fashion consistent with the Town's budget format. For simplicity, several categories of smaller expense items have been grouped under their appropriate expense or revenue heading. For clarity, projected financial performance of the recreation and sport components have been separated from the Library operations.

Expense estimates have been escalated by 2.5% annually to account for inflation. Revenue projections have been increased by 2.5% annually which is consistent with the Town's customary annual fee increase.

**Table 15: 5-Year Consolidated Projected Community Centre Financial Performance**

Program Area	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Administration</b>					
Labour	\$267,000	\$273,000	\$280,000	\$287,000	\$294,000
Transfer to Reserves	\$124,000	\$127,000	\$130,000	\$134,000	\$137,000
Insurance	\$65,000	\$67,000	\$68,000	\$70,000	\$72,000
Other	\$63,000	\$64,000	\$66,000	\$67,000	\$69,000
<b>Total Administration</b>	<b>\$518,000</b>	<b>\$531,000</b>	<b>\$544,000</b>	<b>\$558,000</b>	<b>\$572,000</b>
<b>Concessions</b>					
Labour	\$57,000	\$58,000	\$59,000	\$61,000	\$62,000
Supplies and Ops	\$64,000	\$66,000	\$67,000	\$69,000	\$71,000
Revenue	-\$167,000	-\$171,000	-\$175,000	-\$179,000	-\$185,000
<b>Total Concession</b>	<b>-\$46,000</b>	<b>-\$47,000</b>	<b>-\$48,000</b>	<b>-\$49,000</b>	<b>-\$51,000</b>
<b>Facility Maintenance</b>					
Labour	\$577,000	\$592,000	\$607,000	\$622,000	\$637,000
Contract/Materials/Supplies	\$349,000	\$357,000	\$366,000	\$375,000	\$385,000
Utilities	\$562,000	\$576,000	\$590,000	\$605,000	\$620,000
Other	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
<b>Total Facility Maintenance</b>	<b>\$1,494,000</b>	<b>\$1,531,000</b>	<b>\$1,569,000</b>	<b>\$1,609,000</b>	<b>\$1,649,000</b>
<b>Aquatics</b>					
Labour	\$442,000	\$453,000	\$465,000	\$476,000	\$488,000
Materials	\$21,000	\$21,000	\$22,000	\$22,000	\$23,000
<b>Total Aquatics</b>	<b>\$463,000</b>	<b>\$474,000</b>	<b>\$486,000</b>	<b>\$498,000</b>	<b>\$511,000</b>
<b>Skating</b>					
<b>Staff &amp; Program Costs</b>	<b>\$18,000</b>	<b>\$19,000</b>	<b>\$19,000</b>	<b>\$20,000</b>	<b>\$20,000</b>
<b>Youth, Senior and Active Living</b>					
<b>Staff &amp; Program Costs</b>	<b>\$230,000</b>	<b>\$235,000</b>	<b>\$241,000</b>	<b>\$247,000</b>	<b>\$253,000</b>
<b>Revenue</b>					
Ice Rental	-\$824,000	-\$949,000	-\$1,070,000	-\$1,096,000	-\$1,124,000
Skating	-\$88,000	-\$90,000	-\$92,000	-\$94,000	-\$97,000
Aquatic	-\$505,000	-\$518,000	-\$531,000	-\$544,000	-\$557,000
Program	-\$199,000	-\$204,000	-\$209,000	-\$214,000	-\$219,000
Room Rental	-\$126,000	-\$129,000	-\$132,000	-\$136,000	-\$139,000
Pool Rental	-\$111,000	-\$114,000	-\$117,000	-\$120,000	-\$123,000
Other	-\$58,000	-\$59,000	-\$61,000	-\$62,000	-\$64,000
Library Rent	-\$90,000	-\$92,000	-\$95,000	-\$97,000	-\$99,000
<b>Consolidated Projected Community Centre Financial Performance</b>					
<b>Total Revenue</b>	<b>-\$2,000,000</b>	<b>-\$2,155,000</b>	<b>-\$2,306,000</b>	<b>-\$2,363,000</b>	<b>-\$2,422,000</b>
<b>Total Facility Cost</b>	<b>\$2,677,000</b>	<b>\$2,744,000</b>	<b>\$2,812,000</b>	<b>\$2,883,000</b>	<b>\$2,955,000</b>
<b>Total Sherwood CC</b>	<b>\$677,000</b>	<b>\$589,000</b>	<b>\$507,000</b>	<b>\$520,000</b>	<b>\$533,000</b>

**Table 16: 5-Year Projected Branch Library Financial Performance**

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Library</b>					
<b>Staffing &amp; Admin.</b>	\$459,000	\$470,000	\$482,000	\$494,000	\$506,000
<b>Rent/Shared Services</b>	\$90,000	\$92,000	\$95,000	\$97,000	\$99,000
<b>Materials &amp; Operations</b>	\$58,000	\$60,000	\$61,000	\$63,000	\$64,000
<b>Transfer to Reserves</b>	\$112,000	\$114,000	\$117,000	\$120,000	\$123,000
<b>Revenue</b>	-\$35,000	-\$36,000	-\$37,000	-\$38,000	-\$39,000
<b>Total Library</b>	<b>\$683,000</b>	<b>\$700,000</b>	<b>\$718,000</b>	<b>\$736,000</b>	<b>\$754,000</b>

**Table 17: 5-Year Consolidated Projected Financial Performance for Entire Project**

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Entire Project</b>					
<b>Cost</b>	\$3,395,000	\$3,480,000	\$3,567,000	\$3,656,000	\$3,748,000
<b>Revenue</b>	-\$2,035,000	-\$2,191,000	-\$2,343,000	-\$2,401,000	-\$2,461,000
<b>Total Project</b>	<b>\$1,360,000</b>	<b>\$1,289,000</b>	<b>\$1,225,000</b>	<b>\$1,255,000</b>	<b>\$1,287,000</b>