



## STAFF REPORT

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**DATE:** September 3, 2019

**FILE:** 0550-04 SGC

**TO:** Chair and Commissioners,  
Strathcona Gardens Commission

**FROM:** David Leitch  
Chief Administrative Officer

**RE:** 2019 SECOND QUARTER FINANCIAL REPORT – STRATHCONA GARDENS

### **PURPOSE/PROBLEM**

To provide the Strathcona Gardens Commission with information pertaining to the 2019 work plan and second quarter budget variances for the Strathcona Gardens operations.

### **POLICY ANALYSIS**

As part of the Regional District's communications plan it is vital that the Regional Board and related Commissions and Committees be kept informed as to how the organization is performing with respect to achieving its goals and objectives that were approved in its financial plan. The 2019-2023 Financial Plan was adopted by bylaw on February 28, 2019.

### **EXECUTIVE SUMMARY**

Staff monitor actual results to those projected by the Financial Plan through regular review and monthly reporting provided by the finance department. Quarterly financial reporting to the Board is an important measure for transparency and accountability of the SRD's financial activity.

The mid-year review of actual to budget activity for Strathcona Gardens identifies that the operating budget is trending on budget and comparable to the prior year, and that the capital plan projects are well underway by mid-year. There are no concerns or issues to report to the Strathcona Gardens Commission at this time. See below and attached appendices for details.

### **RECOMMENDATION**

THAT the report from the Chief Administrative Officer be received.

Respectfully,

A handwritten signature in black ink, appearing to read "David Leitch", is written over a horizontal line. The signature is fluid and cursive.

David Leitch  
Chief Administrative Officer

**Prepared by:** Myriah Foort, CPA, Chief Financial Officer

**FINANCIAL SUMMARY**

Operating Budget Summary (Appendix A)

As summarized below and detailed in Appendix A, the Strathcona Gardens base operating budget for the second quarter is trending on budget and comparable to the prior year.

<b>OPERATING BUDGET</b>	<b>2019 Q2 Actual</b>	<b>2019 Budget</b>	<b>\$ Variance</b>	<b>% Variance</b>
<b>Revenues</b>	\$ (6,835,153)	\$ (7,524,554)	\$ (689,401)	90.8%
<b>Expenses</b>	3,061,487	7,524,554	4,463,067	40.7%
<b>(Surplus)/Deficit</b>	<b>\$ (3,773,665)</b>	-	<b>\$3,773,666</b>	-

Requisition revenue for Strathcona Gardens was recorded in the second quarter after staff sent requests to the Province and Member Municipalities; taxes are received by August 1<sup>st</sup>. User fees and other revenues for the Gardens are trending on budget and comparable to the prior year.

Operational expenses for the Gardens are trending on budget. There were some additional training expenses incurred in 2019, related to increased regulatory compliance, while repairs and maintenance on the facility is trending low at mid-year. The annual shutdown and maintenance window occurs in August of each year; the second half of the year is a busy time for the Gardens.

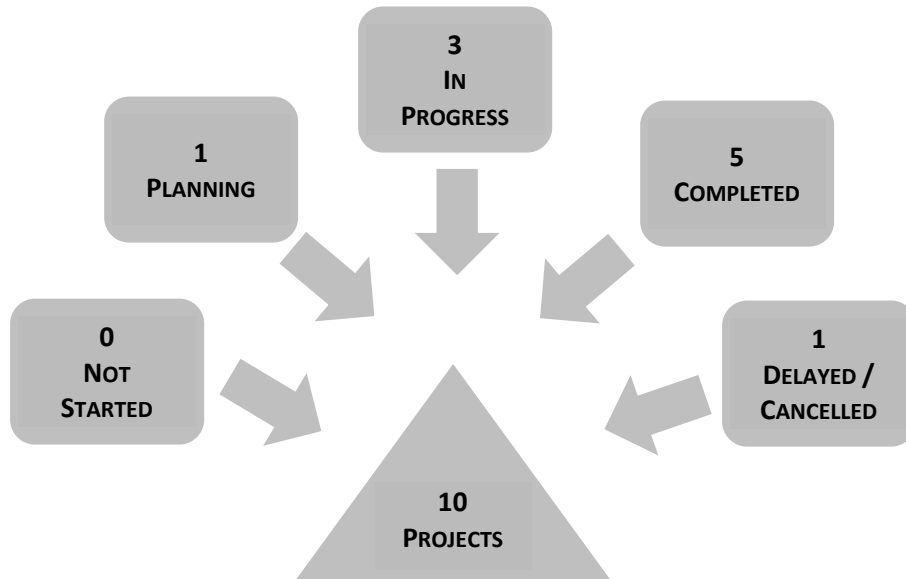
Capital Project Summary (Appendix B)

As detailed in Appendix B and summarized below, Strathcona Gardens capital projects are 10% spent of the approved budget at the second quarter. This amount should be qualified however as the \$4.6M energy recovery project budget was approved entirely in 2019 to align with approved grant funds, despite being scheduled for completion in 2019 and 2020.

<b>CAPITAL PROJECTS</b>	<b>2019 Q2 Actual</b>	<b>2019 Budget</b>	<b>\$ Variance</b>	<b>% Variance</b>
<b>TOTAL</b>	<b>\$487,917</b>	<b>\$5,045,136</b>	<b>\$4,557,219</b>	<b>9.7%</b>

The ice edger and ice resurfer were purchased and in-service during spring of 2019, while many of the smaller projects are in the planning or progress stage. The REC-CREATE design budget carry forward is being held pending the grant funding announcement for the major development project of the Gardens; the application was submitted in January 2019. Lastly, the energy recovery project with a budget of \$4.6 million funded 100% by strategic priority fund federal grants is in progress with \$277,000 spent by the end of June. Phase 1 and 2 of this project will be completed by the end of September, with phase 3 and 4 being completed in 2020 given consideration of maintaining operations of the facility during key arena seasons.

Overall, the capital project summary identifies that the Strathcona Gardens is delivering on its capital project plan which ensures ongoing service delivery for this key community facility.



**Attachments:**

- Appendix A: Operating Budget Summary
- Appendix B: Capital Project Summary

Function	2019 Q2 Actual	2019 Budget	\$ Variance	% Variance	Comments
<b>STRATHCONA GARDENS</b>					
<b>640 - Strathcona Gardens</b>					
Revenues	(6,835,153)	(7,524,554)	(689,401)	90.8%	Revenues trending on budget and prior year. Additional regulatory compliance training expenses to date.
Expenses	932,303	2,883,507	1,951,204	32.3%	
(Surplus)/deficit	(5,902,850)	(4,641,047)	1,261,803	127.2%	
<b>641 - Strathcona Gardens - Administration &amp; Concession</b>					
Revenues	-	-	-	-	Trending on budget and similar to prior year.
Expenses	287,980	567,300	279,320	50.8%	
(Surplus)/deficit	287,980	567,300	279,320	50.8%	
<b>642 - Strathcona Gardens - Aquatics, Fitness &amp; Rehab</b>					
Revenues	-	-	-	-	Trending on budget and similar to prior year.
Expenses	728,906	1,510,400	781,494	48.3%	
(Surplus)/deficit	728,906	1,510,400	781,494	48.3%	
<b>643 - Strathcona Gardens - Facility Operations</b>					
Revenues	-	-	-	-	Trending on budget and similar to prior year.
Expenses	961,599	2,203,297	1,241,698	43.6%	
(Surplus)/deficit	961,599	2,203,297	1,241,698	43.6%	
<b>644 - Strathcona Gardens - Ice &amp; Other Programs</b>					
Revenues	-	-	-	-	Trending on budget, although slightly lower spend to date in R&M compared to prior year (2018 Q2 - 46.8%).
Expenses	150,699	360,050	209,351	41.9%	
(Surplus)/deficit	150,699	360,050	209,351	41.9%	
<b>TOTAL</b>					
<b>REVENUES</b>	<b>(6,835,153)</b>	<b>(7,524,554)</b>	<b>(689,401)</b>	<b>90.8%</b>	<b>Overall revenues and expenses on budget and comparable to prior year. Q2 report includes annual requisition revenue. Operational activity similar to prior year; annual shutdown and maintenance occurs in August.</b>
<b>EXPENSES</b>	<b>3,061,487</b>	<b>7,524,554</b>	<b>4,463,067</b>	<b>40.7%</b>	
<b>(SURPLUS)/DEFICIT</b>	<b>(3,773,665)</b>	<b>-</b>	<b>3,773,666</b>	<b>-</b>	

Function	2019 Q2 Actual	2019 Budget	\$ Variance	% Variance	Comments
<b>STRATHCONA GARDENS</b>					
<b>640 - Strathcona Gardens</b>					
1 Ice Edger	7,437	8,000	564	93.0%	<b>Completed</b> - Purchased and in service in Q2.
2 Leisure Ice Curtain / Track System	-	60,000	60,000	0.0%	<b>In Progress</b> – Onsite visit to finalize scope of work and quote underway. Completion anticipated in Q4.
3 REC-REATE Design	3,698	82,643	78,945	4.5%	<b>Completed</b> - Delivered under budget. Carry forward from 2018. Awaiting announcement on grant.
4 Fire Alarm System	-	12,035	12,035	0.0%	<b>In Progress</b> - Carry forward from 2018, finalizing project with update of Fire Safety Plan.
5 Fitness and Rehab Equipment	-	44,124	44,124	0.0%	<b>Planning</b> - Obtaining quotations for specific pieces of equipment.
6 Wireless Access Improvements	-	15,000	15,000	0.0%	<b>Completed</b> - Installed in late Q2, payment to occur in Q3.
7 Multi-Device Replacement	5,092	10,936	5,844	46.6%	<b>Completed</b> - Printers purchased in late 2018, carry forward to 2019 to finalize project.
8 Preventative Mtce Software	-	11,000	11,000	0.0%	<b>Delayed/Cancelled</b> - Reassessing and aligning with Asset Management Plan underway.
9 Ice Resurfacer Replacement	194,204	196,000	1,796	99.1%	<b>Completed</b> - Purchased and in service in Q2.
10 Energy Recovery Project	277,486	4,605,398	4,327,912	6.0%	<b>In Progress</b> - Completion of phases 1 & 2 anticipated by end of Q3. Project completion by September 2020.
<b>TOTAL</b>	<b>487,917</b>	<b>5,045,136</b>	<b>4,557,219</b>	<b>9.7%</b>	