

## **Appendix 'A'**

Expenses in the Recreation & Culture Department have surpassed budget year to date by \$1,095,643. Revenues have surpassed budgeted expectations year to date by \$786,240 leaving the department with an operating budget deficit of \$309,404 year to date.

There are four key categories that are contributing to the over expenditures of the Recreation & Culture Department:

- Casual/Sessional/Seasonal Wages
- Advertising
- Purchase of Goods and Services
- Rent

### **Casual/Sessional/Seasonal Wages**

This has been driven largely by casual/sessional/seasonal (c/s/s) wage related expenses which have exceeded budget by \$858,518. There are essentially four key drivers for the overage in c/s/s/ wages.

- 1) Bill 148 - \$480,000 impact year to date – two elements of Bill 148 were implemented effective January 1, 2018. The minimum wage increase represents an average rate increase of 15% for all c/s/s staff. Two paid sick days for all staff was also implemented.
- 2) Full time staff backfill - \$150,000 impact year to date – there were three full time staff that were on medical leave and backfilled. The backfilled wages were paid out of c/s/s staff wages.
- 3) Marketing wages - \$61,000 impact year to date – Council approved use of the CIF (Community Improvement Fund) for marketing initiatives associated with the Theatre. The wages for c/s/s staff in Marketing will be transferred out at year end.
- 4) Wages associated with additional programming - \$302,000 – the three largest business units in Recreation & Culture from a revenue standpoint are aquatics, fitness, and camps. These three areas saw a collective increase in wages of \$302,000 with a corresponding revenue increase of over \$687,000. In other words, without the wage expenses of \$302,000 we would not have achieved over \$687,000 in revenues.

Please note that as a result of the increase in wages, there is a corresponding benefit increase of over \$30,000.

### **Advertising - \$43,767**

Traditionally, the Recreation & Culture Department produced two activity guides (fall/winter) and one summer camp guide. From a cost perspective the fall and winter guides cost the Town approximately \$44,000 each once advertising revenue is factored. As a cost savings initiative a number of years ago, the department attempted to do one fall and winter combined guide in an effort to save \$44,000. However, that was met with considerable resistance from the community and, as the largest marketing vehicle for the department, put revenues at risk. So the department now produces two guides again, which accounts for the over expenditure.

### **Purchase of Goods - \$93,137**

The Fitness Centre has surpassed revenue expectations in excess of \$283,000 year to date. Over \$70,000 of this driver is a result of meeting the needs of the membership. Those additional revenues would not have been achieved without those expenses.

### **Services & Rents - \$153,829**

Summer Camps is the primary driver of this increased expense – largely facility rentals and vendor relationships to deliver the camp programs. This was offset by over \$184,000 in revenues that surpassed budget expectations.

### **Permitting Revenue - \$50,000 Year to Date**

As previously forecasted permitting revenues, particularly in ice and fields, continues to be trending lower than budget. This emerging year over year trend has been addressed in the 2019 draft budget process.

In summary, while the Recreation & Culture Department is netting approximately \$309,000 below budgeted expectations year to date, if the Bill 148 had not been implemented the department would be operating at a net surplus.

Moving forward, the department is expecting to come in at an operating deficit of \$500,000 by year end with the Bill 148 impacts expected to surpass \$600,000 by year end.