

To: CDRC Board of Management

From: Randy Chambers

Date: January 23, 2021

Subject: 2020 -2025 Financial Forecast

2020 Actual vs 2020 Budget

As detailed in Schedule "A" (attached), the CDRC is expected to have a \$52k loss, versus a \$22k budgeted gain in fiscal 2020. This loss of \$76k was primarily driven by the impact of Covid (\$70k) on rentals and facility programs. The impact of this variance to the financial position at year end is as follows:

Year	2020	2020
Scenario	Budget	Actual
Opening Surplus/Reserves	\$183	\$183
+ Municipal Contribution	\$327	\$327
- Operating Loss	-\$256	-\$347
- Capital Cost	-\$49	-\$32
= Closing Surplus/Reserves	\$205	\$131

2021 Draft Budget

Staff has prepared a draft budget for 2021 (Schedule "A") based upon the following base assumptions:

- No rentals from January - March
- Normal operations starting April 1
- 3% increase from municipalities (as per past budgets)
- No rental rate increases
- 2% wage increase
- Roof project grant application is approved and \$42k of engineering design is completed

The \$368k operating loss shown on Schedule "A" (which is \$100k higher than the 2020 budget), is primarily a result of the impact of COVID (\$90K) on 2021 ice rentals. The impact of the 2021 draft budget on the 2021 year end position will be:

Year	2020	2021
Scenario	Actual	Budget
Opening Surplus/Reserves	\$183	\$131
+ Municipal Contribution	\$327	\$337
- Operating Loss	-\$347	-\$368
+ Capital Grants		\$31
- Capital Roof Cost		-\$42
- Capital Cost	-\$32	-\$25
= Closing Surplus/Reserves	\$131	\$64

2022 - 2025 Estimate

Looking forward, the major impact to finances will be the loss of \$160k due to Covid in 2020 and 2021, along with the delay of the roof repairs to from 2021 to 2022. With the inclusion of roof repairs in 2022, and assuming “normal” operating losses and municipal contributions, the following is an estimate of the CDRC’s financial position up until 2025:

Year	2022	2023	2024	2025
Scenario	Estimate	Estimate	Estimate	Estimate
Opening Surplus/Reserves	\$64	-\$89	-\$77	-\$181
+ Municipal Contribution	\$347	\$357	\$368	\$379
- Operating Loss	-\$276	-\$276	-\$276	-\$276
+ Capital Grants	\$489			
- Capital Roof Cost	-\$668			
- Capital Cost	-\$45	-\$69	-\$196	-\$270
= Closing Surplus/Reserves	-\$89	-\$77	-\$181	-\$348

As you will note, based upon these assumptions the CDRC will not have sufficient funds to operate in 2022. Compounding this issue, is the fact that a condition of the roof capital grant stipulates, that the grant money will not be received until proof of the expenditure is provided. This will generate a cash flow issue, the size of which, is dependent on the speed in which grant money is received after the expenditure.

For comparison purposes, below was the estimate at the time of the **2020** budget (pre-covid) that provided the confidence that we could adequately fund the roof repairs:

Year	2020	2021	2022	2023	2024
Scenario	Budget	Estimate	Estimate	Estimate	Estimate
Opening Surplus/Reserves	\$183	\$205	\$18	\$67	\$136
+ Municipal Contribution	\$327	\$337	\$347	\$357	\$368
- Operating Loss	-\$256	-\$263	-\$267	-\$273	-\$279
+ Capital Grants		\$520			
- Capital Roof Cost		-\$710			
- Capital Cost	-\$49	-\$71	-\$30	-\$16	-\$199
= Closing Surplus/Reserves	\$205	\$18	\$67	\$136	\$27

Recommendations:

To properly plan for the financing of the roof repairs and to ensure adequate cash flow to operate the facility, it is suggested that consideration be given for municipalities to provide “Covid Relief Funding” in the amount of \$150k (re: \$160k actual loss) prior to April 1, 2022, the estimated start date of roof construction. This will allow for the front ending funding of the roof repair and provide a reasonable cash flow cushion.

Also, that consideration be given for the Board to consider working proactively with funding municipalities to secure “cash advances” to address the issue of cash flow in 2022 as it pertains to front end funding of capital roof expenditures. Discussions have commenced with the Town of Shelburne and the construction engineers (SBA) to minimize this exposure.

CDRC 2021 DRAFT BUDGET & 2020 ACTUAL VS BUDGET

	FULL YEAR						
Description	2021 Budget	2020 Actual	2020 Budget	2019 Actual	21 vs 20 Bud		Comments vs 20 Budget
Arena Rentals	\$117,032	\$158,832	\$269,688	\$256,555	-\$152,657	-57%	HTI \$20k, Jan - Mar \$130k
Floor Rental	\$20,772	\$220	\$21,930	\$21,469	-\$1,158	-5%	
Advertising	\$8,100	\$9,568	\$15,125	\$10,545	-\$7,025	-46%	Impact of COVID
Programs	\$20,678	\$2,581	\$6,744	\$948	\$13,934	207%	Additional Programs
Room Rental	\$12,828	\$9,827	\$21,335	\$25,839	-\$8,507	-40%	No rentals Jan - Mar
Concession Sales	\$51,250	\$25,865	\$84,660	\$85,408	-\$33,410	-39%	No Sales - Jan - Mar
Pool Fees	\$86,294	\$46,664	\$74,150	\$80,480	\$12,144	16%	WLS & Instructors Programs
Day Camp Fees	\$67,250	\$0	\$60,500	\$55,913	\$6,750	11%	Xmas
Grants	\$5,000	\$3,920	\$9,894	\$9,730	-\$4,894	-49%	
Total Operating Revenue	\$389,443	\$257,706	\$564,026	\$547,132	-\$174,583	-31%	
Payroll	\$388,334	\$311,863	\$422,437	\$397,807	-\$34,103	-8%	Covid + 2% wage \$8k
Benefits	\$72,378	\$59,158	\$71,600	\$63,155	\$777	1%	
Bank Charges	\$989	\$866	\$1,100	\$1,063	-\$110	-10%	
Maintenance	\$97,930	\$74,611	\$93,696	\$74,313	\$4,234	5%	Pool \$4k
Utilities	\$130,028	\$110,453	\$146,746	\$151,816	-\$16,718	-11%	Jan - Mar shutdown Covid
Vending	\$20,250	\$9,228	\$40,800	\$40,467	-\$20,550	-50%	No Sales - Jan - Mar
Admin	\$47,180	\$38,429	\$43,776	\$36,451	\$3,404	8%	Insurance \$5k
Total Operating Expense	\$757,089	\$604,608	\$820,156	\$765,071	-\$63,067	-8%	
Operating (Gain)/Loss	\$367,646	\$346,902	\$256,129	\$217,939	\$111,516	44%	
Capital Costs	\$67,000	\$32,201	\$48,500	\$57,183	\$18,500	38%	\$25k regular, \$42k roof
Capital Grants	-\$31,000	\$0	\$0	\$0	-\$31,000		Roof grant
Total Capital Expense	\$36,000	\$32,201	\$48,500	\$57,183	-\$12,500	-26%	
Total (Gain)/Loss	\$403,646	\$379,104	\$304,629	\$275,121	\$99,016	33%	
Municipal Contribution	\$336,815	\$327,004	\$327,004	\$317,478	\$9,810	3%	3% increase
Net Financial (Gain)/Loss	\$66,831	\$52,100	-\$22,375	-\$42,357	\$89,206	-399%	
2021 Assumptions:			2020 Actual vs 2020 Budget				
No concession or room rentals until April 1			Loss of Ice Rental (Covid)			\$70	
Normal operations effective April 1			Loss of Floor & Room Rentals (Covid)			\$35	
3% Increase from municipalities			Program Cancellations (Covid)			\$15	
No rental rate increases			Reduced Utility Costs (Covid)			-\$35	
2% wage increase			Reduced Maintenance Costs (Covid)			-\$20	
			Loss of Ice Rental (HTI)			\$20	

CDRC 2021 DRAFT BUDGET & 2020 ACTUAL VS BUDGET

	FULL YEAR						
Description	2021 Budget	2020 Actual	2020 Budget	2019 Actual	21 vs 20 Bud		Comments vs 20 Budget
Arena Rentals	\$117,032	\$158,832	\$269,688	\$256,555	-\$152,657	-57%	HTI \$20k, Jan - Mar \$130k
Floor Rental	\$20,772	\$220	\$21,930	\$21,469	-\$1,158	-5%	
Advertising	\$8,100	\$9,568	\$15,125	\$10,545	-\$7,025	-46%	Impact of COVID
Programs	\$20,678	\$2,581	\$6,744	\$948	\$13,934	207%	Additional Programs
Room Rental	\$12,828	\$9,827	\$21,335	\$25,839	-\$8,507	-40%	No rentals Jan - Mar
Concession Sales	\$51,250	\$25,865	\$84,660	\$85,408	-\$33,410	-39%	No Sales - Jan - Mar
Pool Fees	\$86,294	\$46,664	\$74,150	\$80,480	\$12,144	16%	WLS & Instructors Programs
Day Camp Fees	\$67,250	\$0	\$60,500	\$55,913	\$6,750	11%	Xmas
Grants	\$5,000	\$3,920	\$9,894	\$9,730	-\$4,894	-49%	
Total Operating Revenue	\$389,443	\$257,706	\$564,026	\$547,132	-\$174,583	-31%	
Payroll	\$388,334	\$311,863	\$422,437	\$397,807	-\$34,103	-8%	Covid + 2% wage \$8k
Benefits	\$72,378	\$59,158	\$71,600	\$63,155	\$777	1%	
Bank Charges	\$989	\$866	\$1,100	\$1,063	-\$110	-10%	
Maintenance	\$97,930	\$74,611	\$93,696	\$74,313	\$4,234	5%	Pool \$4k
Utilities	\$130,028	\$110,453	\$146,746	\$151,816	-\$16,718	-11%	Jan - Mar shutdown Covid
Vending	\$20,250	\$9,228	\$40,800	\$40,467	-\$20,550	-50%	No Sales - Jan - Mar
Admin	\$47,180	\$38,429	\$43,776	\$36,451	\$3,404	8%	Insurance \$5k
Total Operating Expense	\$757,089	\$604,608	\$820,156	\$765,071	-\$63,067	-8%	
Operating (Gain)/Loss	\$367,646	\$346,902	\$256,129	\$217,939	\$111,516	44%	
Capital Costs	\$67,000	\$32,201	\$48,500	\$57,183	\$18,500	38%	\$25k regular, \$42k roof
Capital Grants	-\$31,000	\$0	\$0	\$0	-\$31,000		Roof grant
Total Capital Expense	\$36,000	\$32,201	\$48,500	\$57,183	-\$12,500	-26%	
Total (Gain)/Loss	\$403,646	\$379,104	\$304,629	\$275,121	\$99,016	33%	
Municipal Contribution	\$336,815	\$327,004	\$327,004	\$317,478	\$9,810	3%	3% increase
Net Financial (Gain)/Loss	\$66,831	\$52,100	-\$22,375	-\$42,357	\$89,206	-399%	

2021 Assumptions:

No concession or room rentals until April 1
Normal operations effective April 1
3% Increase from municipalities
No rental rate increases
2% wage increase

2020 Actual vs 2020 Budget

Loss of Ice Rental (Covid)	\$70
Loss of Floor & Room Rentals (Covid)	\$35
Program Cancellations (Covid)	\$15
Reduced Utility Costs (Covid)	-\$35
Reduced Maintenance Costs (Covid)	-\$20
Loss of Ice Rental (HTI)	\$20

2021 CDRC BUDGET 5 YEAR FORECAST (\$000)

Year	2020	2020	2021	2022	2023	2024	2025
Scenario	Budget	Actual	Budget	Estimate	Estimate	Estimate	Estimate
Opening Surplus/Reserves	\$183	\$183	\$131	\$64	-\$89	-\$77	-\$181
+ Municipal Contribution	\$327	\$327	\$337	\$347	\$357	\$368	\$379
- Operating Loss	-\$256	-\$347	-\$368	-\$276	-\$276	-\$276	-\$276
+ Capital Grants			\$31	\$489			
- Capital Roof Cost			-\$42	-\$668			
- Capital Cost	-\$49	-\$32	-\$25	-\$45	-\$69	-\$196	-\$270
= Closing Surplus/Reserves	\$205	\$131	\$64	-\$89	-\$77	-\$181	-\$348

Assumptions:

3% municipal funding increase each year (per 2020 approved budget & 5 year plan)

Holding operating loss steady based on 2020 budget from 2022 - 2025

Roof Project for \$710k offset by \$520 grant is approved and executed

Impact of COVID on 5 Year Forecast vs 2020 5 Year Forecast	2020	2021	Total
Ice Profit Reduction (ice rentals less saved wages)	\$70	\$90	\$160
Floor & Room Rental	\$35	\$0	\$35
Cancellation or modification of Camp, Pool, Concession	\$15	\$10	\$25
Operational Savings (reduced operating hrs Arena & Pool)	-\$50	-\$10	-\$60
Total	\$70	\$90	\$160

2020 CDRC BUDGET 5 YEAR FORECAST (\$000)

Year	2020		2021	2022	2023	2024
Scenario	Budget		Estimate	Estimate	Estimate	Estimate
Opening Surplus/Reserves	\$183		\$205	\$18	\$67	\$136
+ Municipal Contribution	\$327		\$337	\$347	\$357	\$368
- Operating Loss	-\$256		-\$263	-\$267	-\$273	-\$279
+ Capital Grants			\$520			
- Capital Roof Cost			-\$710			
- Capital Cost	-\$49		-\$71	-\$30	-\$16	-\$199
= Closing Surplus/Reserves	\$205		\$18	\$67	\$136	\$27

CAPITAL EXPENDITURES	2021	2022	2023	2024	2025
Roof					
Replace Arena Roof	\$42,000	\$668,000			
Arena					
Structural Steel Clean & Paint		\$20,000			
Replace Large Doors		\$10,000			
Dasher and Glass Replacement				\$25,000	
Equipment					
Olympia					\$60,000
Town & Country Room					
Refinish Floor			\$9,000		
Heating new Covers			\$5,000		
New Lighting				\$5,000	
Pool					
2x Motors and Pumps			\$10,000		
Grounds					
Parking lot repave (deferred 1 yr)				\$150,000	
Pave Gravel Parking Lot					\$200,000
Electronic Road Sign			\$35,000		
Building					
Building Condition Assessment	\$15,000				
Snack Bar Exhaust Upgrade		\$5,000			
IT (as per detailed County Plan)					
Laptops, Monitors, Docking Stn				\$6,000	
Unforecast					
Emergency or Unforseen	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Total	\$67,000	\$713,000	\$69,000	\$196,000	\$270,000

Prime Time	Prime Time Avg
---------------	-------------------

9[illegible][illegible][illegible]99