

TLC 2020 Operational Deficit



TransAlta
Tri Leisure Centre

Impacts on TLC Operational Revenues

- **Facility Closure – March 15 – July 6, 2020 and December 19, 2020 – February 8, 2021**
 - ✓ **Membership and Facility Rentals**
 - ✓ **Corporate Sponsorship**
 - ✓ **Tenant Rent**
- **Provincial Restrictions throughout re-opening impacted membership**
 - ✓ **Membership retention**
 - ✓ **Program registration**
 - ✓ **Facility rentals (in particular special events)**

Measures taken to reduce expenses

- **Staffing levels**
- **Material and supplies budget reduced**
- **Training and travel budgets frozen**
- **Reduction in contracted services (security and custodial)**

Expenses to year-end: 66.37% of budget

Deficit Projections

- **Initial deficit projections in May 2020 - \$400,000 approximately**
- **Updated projection based on budget adjustments (September 2020) - \$60,000 - \$100,000**
- **Final deficit - \$531,774**

What led to this change?

- **Unexpected decrease in membership resumption**
- **Further Provincial restrictions that significantly impacted facility rental/use**

TLC Reserves

- **As per the MOA (Article 7.5), the TLC currently has two reserves; Operations and Capital**
- **Operations Reserve is to be use to fund future deficits of the corporation**
- **Capital Reserve is intended to offset future capital purchases in any given year**
- **At the end of 2020, TLC Reserves were at:**
 - ✓ **Operations - \$601,507**
 - ✓ **Capital - \$907,642 (\$250,000 committed to MCCAC Lighting Upgrade)**

Option 1

Fund from Operating Reserve

Pros

- **No impact on the Capital Reserve**
- **No need for additional financial support from the municipalities**

Cons

- **Operations Reserve could end up in a deficit position; however, this would not be known until the end of any given year. This has only happened once before (2010 - \$65,500) and the deficit was funded by the municipalities.**

Option 2

Fund 50% from Operations Reserve; 50% from Capital Reserve

Pros

- **Significantly less risk of the Operations Reserve ending up in a deficit position in future years**
- **No need for additional financial support from the municipalities**

Cons

- **Less funding Capital Reserve to offset future capital initiatives**

Option 3

Increased Contribution from Municipalities

Pros

- **Both reserves remain intact for future use**

Cons

- **Additional and unexpected financial burden on municipalities**

Funding Options

- 1. Fund from Operations Reserve**
- 2. Fund 50% from Operations Reserve; 50% from Capital Reserve**
- 3. Fund from an increased contribution from municipalities**

TLC Administrative and Board Recommendation: Option #1