

TRANSALTA TRI LEISURE CENTRE CORPORATE PLAN 2018



Introduction

The Tri Municipal Leisure Facility Corporation (Corporation) board of directors, administration and staff have served the residents of the Tri-Municipal Region well, providing a wide range of recreation, sport, wellness and cultural facilities and activities since 2001. The Corporation and the TLC continue to evolve in order to serve the many people that utilize the TLC from a diverse and constantly growing region.

At the TransAlta Tri Leisure Centre (TLC), we like to think of ourselves as the beating heart of the Tri-Municipal Region. We take tremendous pride in our reputation as a one-stop shop for health and wellness, serving active community members in Spruce Grove, Stony Plain and Parkland County since 2002.

One thing we don't do at the TLC is attach labels to health and wellness. It's not about how much weight you can lift or how many lengths you can swim; a triACTIVE life is about engaging in activities that boost your physical, mental and social well-being. Whether you're adding 10 lbs. to your bench press, practicing your breast stroke, or cheering on your child's hockey game, we are in the business of promoting healthy, active living for the whole family. Our mission is to bring community together to inspire quality life experiences and healthy, active living.

At the TLC, we're dedicated to transforming lifestyle and community, offering a wide variety of programs and services to help our guests reach their full potential when it comes to health and wellness.

Proudly Owned by Three Municipalities:



Budget Process

The TLC follows process outlined in a Memorandum of Agreement with the three owners. Article 6 of this Memorandum of Agreement outlines the process that must be undertaken to achieve an approved budget for a fiscal year. In 2016, the owners identified concerns with the timelines set forth in the Memorandum. Specifically, the owners felt that it would be to their benefit if they were able to review the TLC's proposed budget earlier in the year so that appropriate time could be taken to consider the request and work the figures within their own plans. As a result, some of the dates outlined in the Memorandum have been expedited to provide this advanced access to the 2018 budget.

The 2018 budget process started immediately following the completion of the 2016 year-end audit. In 2018, the TLC will continue with an expedited budget schedule to allow the owners the ability to review the budget well in advance of the completion of their own municipal budgets. Development and planning the 2018 budget follows these steps:

- First draft development analyzed internally by March 25th, 2017.
- First draft budget presented to the board on May 11, 2017.
- Second draft budget and detailed report presented to the board on June 12, 2017.
- TLC General Manager to meet with the municipal representatives in the latter part of June of 2017.
- A summary of the municipal recommendations to be reviewed at the September 14th, 2017 board meeting. TLC administration will seek approval of the proposed budget and request direction to forward the 2018 final proposed budget to the three municipal councils.
- General Manager to present the 2018 proposed budget to the municipalities in late-September/early-October.
- Councils typically approve their corporate plans late in November or early December.

Once the TLC receives the approval of the budget from the owner's that budget can be rolled out as planned.

2018 Objectives

Continued Improvements to Building Amenities

- Revitalizing the arena dressing room areas including the replacement of flooring, plumbing fixtures and paint.
- Upgrading the north arena lighting with high efficiency LED fixtures.
- Enhancing the child play room including the replacement of the pulastic floor and the play structure.
- Continued improvements to aquatic tile and grout throughout the pool area.
- Lower level Customer Experience Desk revitalization.

Enhanced Customer Experience

- Additional Customer Experience Representative hours to enhance the customer experience at the main reception desk.
- Additional Lifeguard hours to enhance the experience and safety for pool patrons.
- Addition of unique equipment throughout including a new structure in the child play centre, new fitness equipment and an adventure play balance board.
- Ongoing development of self-serve options for clients to streamline access and use of the facility.

Strategic Priorities

- Build upon the infrastructure program by rolling out the first year of the long range capital plan.
- Continue to offer unique programs and events for the community.
- Continue to be a part of the community by actively participating in community special events.
- Work with our stakeholders to develop an intimate knowledge of their wants and needs.
- Continue to cultivate an open and inclusive workplace for all of our staff.
- Enhance health and safety programs to achieve desired results.

Strategic Plan

In June of 2016, the TLC Board of Directors adopted a 10-year Strategic Plan. This plan is an important step towards identifying the desired outcome for the facility, including the vision, mission and core values as well as working towards the creation of a roadmap that will help to move the facility along the path to achieving those outcomes. In the development of this plan, the facility identified four distinct priority groups which are identified as the TLC's PEAK priorities.

PEAK Priorities

The TLC's Strategic Plan is focused on 4 PEAK priorities which form the pillars of both our future strategies while guiding the allocation of resources and informed decision making at an operational level.

Personnel
Engagement with Stakeholders
Asset Management
Key Service Levels (internal and external)

Each PEAK priority below includes a description, key initiatives to be implemented and key results to be achieved.

Personnel

The TLC believes that our people are our greatest strength and asset. Through proactive mentorship, professional development and sound human resource practices, the TLC will ensure that our staff experience a safe, creative, supportive and inclusive workplace.

Engaging Stakeholders

The TLC will endeavor to cultivate meaningful relationships with all of its stakeholders by prioritizing needs through ongoing evaluation, engagement and communication. Additionally, the TLC will strive to enhance its reputation in the Tri-Municipal Region through active involvement in community activities and events, and through positive contributions towards health, wellness, and culture, while also collaborating with local organizations to ensure continued opportunities for residents to get active through successful program development and implementation.

Asset Management

The TLC will ensure that a heightened focus on sustainable infrastructure and life cycle planning is a core priority. This includes an amplified focus on preventative maintenance, improved long-range capital planning and a more proactive reporting strategy with the municipal partners.

Key Service Levels

The TLC will continue its commitment to excellence in diverse and engaging program and service delivery for all residents of the Tri-Municipal Region. Additionally, the TLC will develop, through the stakeholder engagement process, an identifiable service level framework that will guide both operational standards and fiscal planning.

In reviewing the most important aspects of the organization, the Board agreed that these four PEAK priorities capture the elements that are most crucial to long-term success and continued advancement towards the vision and mission of the facility.

Our Vision

“The TLC is the premier recreation provider for the communities it serves.”

Our Mission

“We bring community together to inspire quality life experiences and healthy active living.”

Our CORE Values

Integrity

- *By constantly demonstrating ethical standards and behavior*
- *By being honest*
- *By displaying courage of convictions*
- *By demonstrating responsibility and accountability*

Respect

- *For each other, the community, the governance process*
- *By building an environment of trust*
- *Through supportive relationships*
- *By accepting diversity*

Our People

- *By providing opportunity and challenge*
- *By supporting personal and professional growth*
- *By encouraging life / work balance*
- *Through meaningful recognition*

Our Work Environment

- *By cultivating a shared understanding of goals*
- *By fostering cooperation and teamwork*
- *Via employee empowerment*
- *By engaging in continuous learning, doing and improvement*
- *By creating an inclusive and safe workplace*

Leadership

- *That is visionary*
- *That is consultative and responsive*
- *That demonstrates open communication*
- *That practices fairness*
- *Through mentoring and coaching*

Personnel
<i>The TLC believes that our people are our greatest strength and asset. Through proactive mentorship, professional development and sound human resource practices, the TLC will ensure that our staff experience a safe, creative, supportive and inclusive workplace at all times.</i>
Key Results
<ul style="list-style-type: none"> • No time lost due to injury. • Achieve targeted staff engagement rates. • Reduce turnover rates. • Complete development plans for all permanent full-time employees. • Improve WCB performance rating and overall ranking amongst the industry code assigned. • Realize COR certification.
Objective 1
Provide a safe and supportive worksite through the development and implementation of ongoing health and safety programs.
Objective 2
Develop and implement safe work practices and measurable outcomes across all facility positions and departments.
Objective 3
Provide opportunity for advancement through consistent training, professional development (development plans, career path planning) and mentoring.
Objective 4
Develop a performance management and recognition program.
Objective 5
Develop and implement a process to measure staff engagement.
Objective 6
Develop and implement a staff communication plan.
Objective 7
Set a baseline for staff engagement rates.

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Personnel					
Objective	Department	Initiative	Project Summary	Start Date	End Date
Objective 1	Human Resources	COR Certification	Working with the contracted Health and Safety Advisor, the TLC will work towards and obtain COR certification.	January 1, 2018	December 31, 2018
Objective 6	Marketing & Communications	Staff Communications Plan	Working with Human Resources, the Marketing & Communications team will develop a comprehensive staff communication plan to ensure that messaging about upcoming events, programs, services, bookings, health and safety information, health benefits, etc. is communicated in an efficient and consistent manner.	January 1, 2018	December 31, 2018
Objective 3	Human Resources	Employee Development Plans	Develop a template employee development plan that can be rolled out to all of the departments. This will include process for request/approval of professional development, road mapping employees desired career paths and identifying shortcomings with existing processes.	January 1, 2018	December 31, 2018
Objective 1 & 2	Human Resources	WCB Action Plan	Work with the WCB account representative to develop an action plan for the 2018 year. This is part of an ongoing effort to reduce	January 1, 2018	December 31, 2018

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			the WCB premiums that the TLC pays while also ensuring that programs are in place to reduce injury and incidences at the TLC.		
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Engaging Stakeholders
<i>The TLC will endeavor to cultivate meaningful relationships with all of its stakeholders by prioritizing needs through ongoing evaluation, engagement and communication. Additionally, the TLC will strive to enhance its reputation in the Tri-Municipal Region through active involvement in community activities and events, through positive contributions towards health, wellness, and culture, while also collaborating with local organizations to ensure continued opportunities for residents to get active through successful program development and implementation.</i>
Key Results
<ul style="list-style-type: none"> • Increase stakeholder engagement and satisfaction. • Increase collaborative opportunities with external agencies and partners. • Implement improvements based on the feedback collected from stakeholders. • Increase active participation at local community events.
Objective 1
Research opportunities for developing, expanding and enhancing partnerships with local, provincial and national-level organizations in order to better meet the needs of stakeholders.
Objective 2
Evaluate and modify performance through the implementation of a strategic stakeholder engagement strategy.
Objective 3
Analyze and report on the feedback from stakeholders as a key component of the annual corporate planning process.
Objective 4
Participate in regional special events to enhance the image of the TLC as an involved corporate community member in all three of the municipalities.

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Engaging Stakeholders					
Objective	Department	Initiative	Project Summary	Start Date	End Date
Objective 3	Marketing & Communications	Stakeholder Survey & Feedback Consolidation or Cataloguing	The Marketing & Communications department will spearhead a process of collective feedback from stakeholders and cataloguing in an understandable and accessible manner.	January 1, 2018	December 31, 2018
Objective 3	Marketing & Communications	Stakeholder Engagement Benchmark	The Marketing & Communications department will lead a project designed to develop a benchmark for stakeholder engagement.	January 1, 2018	December 31, 2018
Objective 4	Marketing & Communications	triActive Project Crew	Roll out the triActive Project Crew to attend a minimum of 12 local community events and activities. The Crew will provide a high energy presence at Tri Region events to build upon a commitment to being a strong corporate community member and to provide support to our municipalities in the delivery of special events.	January 1, 2018	December 31, 2018
Objective 1	Administration	Stony Plain Outdoor Pool & Spray Park Operations	Continue to work with the Town of Stony Plain on the Outdoor Pool and Spray Park operations to ensure mutual benefit.	January 1, 2018	December 31, 2018

Asset Management	
<i>The TLC will ensure that a heightened focus on asset management and life cycle planning is a core priority. This includes an amplified focus on preventative maintenance, long-range capital planning and proactive communication strategy with the municipal partners.</i>	
Key Results	
<ul style="list-style-type: none"> • Extend the life of assets through effective preventative maintenance. • Improved lead time for capital requests to municipalities for budgeting. • A quality infrastructure asset management inventory that will provide accurate and detailed information for administration. • Collaboration with stakeholders to optimize infrastructure investment opportunities. • Current and projected use of assets that will facilitate planning for future reinvestment of assets. 	
Objective 1	
Develop and implement a comprehensive maintenance program (including a process for work orders, electronic asset tracking, development of performance measures and an ongoing evaluation of asset status).	
Objective 2	
Develop a 10-year capital plan resulting from the detailed life cycle and asset management program.	
Objective 3	
Research green initiatives and evaluate the return on investment related to incorporating them into projects or upgrades.	
Objective 4	
Research infrastructure management and service delivery best practices.	
Objective 5	
Determine the current and projected use of infrastructure assets and related costs.	

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Asset Management					
Objective	Department	Initiative	Project Summary	Start Date	End Date
Objective 5	Operations & Maintenance	Arena Dressing Room Revitalization	The arena dressing rooms are in need of an update. This project will include the replacement of the flooring, counters, toilets, urinals, sink and shower heads. The project will also include paint throughout.	June 1, 2018	July 1, 2018
Objective 5	Operations & Maintenance	Child Play Centre Flooring Replacement	The Child Play Centre flooring, at present, includes two separate rubber floors that have a change in elevation between the two. This project will replace the existing rubber floors with a levels flooring throughout more appropriate for the age of children using the room.	January 1, 2018	December 31, 2018
Objective 5	Operations & Maintenance	Child Play Centre Play Structure	The current play structure in the Play Centre is designed for children aged 5-9. In reviewing the usage of the Play Centre it is clear that this is not an age appropriate structure for our clientele. The significant majority of the clients in the Play Structure are between the ages of 1-4. The play structure will be replaced with a more age appropriate structure.	January 1, 2018	December 31, 2018

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Objective 3	Operations & Maintenance	North Arena Lighting Replacement	In an ongoing effort to find energy efficiency, the north arena lights will be replaced with high-efficiency LED fixtures to replace the existing metal halide lights. The north arena is the last of the fields/arenas to receive a lighting replacement.	June 1, 2018	July 1, 2018
Objective 5	Operations & Maintenance	Pool tile and grout repair	With ongoing issues related to pool tile and grout in the Aquatic Centre, another project will be completed to replace tile throughout the staff change rooms, aquatic offices and steam room areas.	September 1, 2018	October 1, 2018
Objective 2	Administration	10-Year Capital and Lifecycle Plan	Update the 10-year Capital & Lifecycle Plan to include year 2028.	March 1, 2018	June 30, 2018
Objective 3	Corporate Services	Utility RFP	Develop and release an RFP document for the utility contract beyond 2018.	June 1, 2018	December 31, 2018

Key Service Levels	
<p><i>The TLC will continue its commitment to excellence in diverse and engaging programming for all residents of the Tri-Municipal Region. Additionally, the TLC will develop, through the stakeholder engagement process, an identifiable service level framework that will guide both operational standards and budget development.</i></p>	
Key Results	
<ul style="list-style-type: none"> • Increased customer satisfaction. • Increased utilization. • Increased member registration and retention. • Revenue realized from non-traditional revenue streams. • Enhanced customer experience related to the implementation of online, e-solution and mobile applications for clients 	
Objective 1	
<p>Research opportunities for repurposing, renovating or expanding facilities, programs and services to better meet the needs of stakeholders.</p>	
Objective 2	
<p>Establish and evaluate service levels as part of the annual planning process.</p>	
Objective 3	
<p>Conduct program and service needs and usage assessments to ensure that the programs offered are meeting the needs of stakeholders.</p>	
Objective 4	
<p>Develop unique revenue streams to enhance financial standing and customer experience (such as mobile fitness units, satellite/offsite locations, unique events or activities, innovative partnerships and creative programming, etc.)</p>	
Objective 5	
<p>Improve the use of information technology related to the delivery of customer experience.</p>	
Objective 6	
<p>Develop a comprehensive customer experience strategy.</p>	

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Key Service Levels					
Objective	Department	Initiative	Project Summary	Start Date	End Date
Objective 5	Customer Experience	RFID Wristbands	In an ongoing effort to reduce wait times and enhance customer experience, the pilot project from 2017 related to the replacement of single use paper wristbands will be rolled out in a more complete process to all annual and pre-authorized members.	January 1, 2018	May 1, 2018
Objective 2	Customer Experience	Additional 1.0 FTE Customer Experience Representative	With the continued increase to facility usage, and the increasing demands on the customer experience desk, the customer experience department will recruit an additional 1.0 FTE staff member to support the existing complement of staff at the front. The intention of this additional staff member is to enhance service by reducing wait at the main desk, reducing wait and response times for the phone and to provide quicker service for the clients.	January 1, 2018	February 1, 2018
Objective 2	Aquatics	Additional 0.25 FTE Lifeguard	With continued growth to headcount numbers in the Aquatic Centre and the subsequent requirements for lifeguard ratios within the pool, the Aquatic team will recruit 0.25 FTE of Lifeguards to ensure that the appropriate service level is provided for the clients using the pool.	January 1, 2018	February 1, 2018
Objective 5	Customer Experience	Online membership purchase and renewal	In an ongoing effort to make the facility more self-serve, the Customer Experience department will implement the online membership purchase and renewal capabilities of IntelliLeisure. This will allow		

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			clients to handle membership transactions at their leisure which will in turn reduce wait times at the front reception desk.		
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Service Levels

The TLC's value to the Tri Region has often been judged based on the cost recovery percentage earned on a given year, the amount of money in reserves, and the level of subsidization or cost required from the municipalities. Although this doesn't fully depict the true value of the facility to the Tri Region, it is a reasonable measuring stick for individuals evaluating the facilities level of success.

In 2018, the TLC is putting continued focus on identifying the service levels provided to the Tri-Municipal region for the financial commitment of the partner municipalities. There are numerous social, physiological, physical and emotional benefits to having a facility like the TLC in a community and many of those benefits come without revenue or financial benefit. The TLC's service level review helps to quantify our service levels and provide specifics about what the communities get for their investment.

On the surface it is simply to pinpoint what the TLC provides. Aquatics, arenas, fields, child services, fitness Centre, track, gymnasium and other complimentary services are the physical qualities of the Centre. However, there are also many unique elements of TLC operations which can go unrecognized and are a part of the service level provided to the community. Here is a sampling of those added features that help to build community:

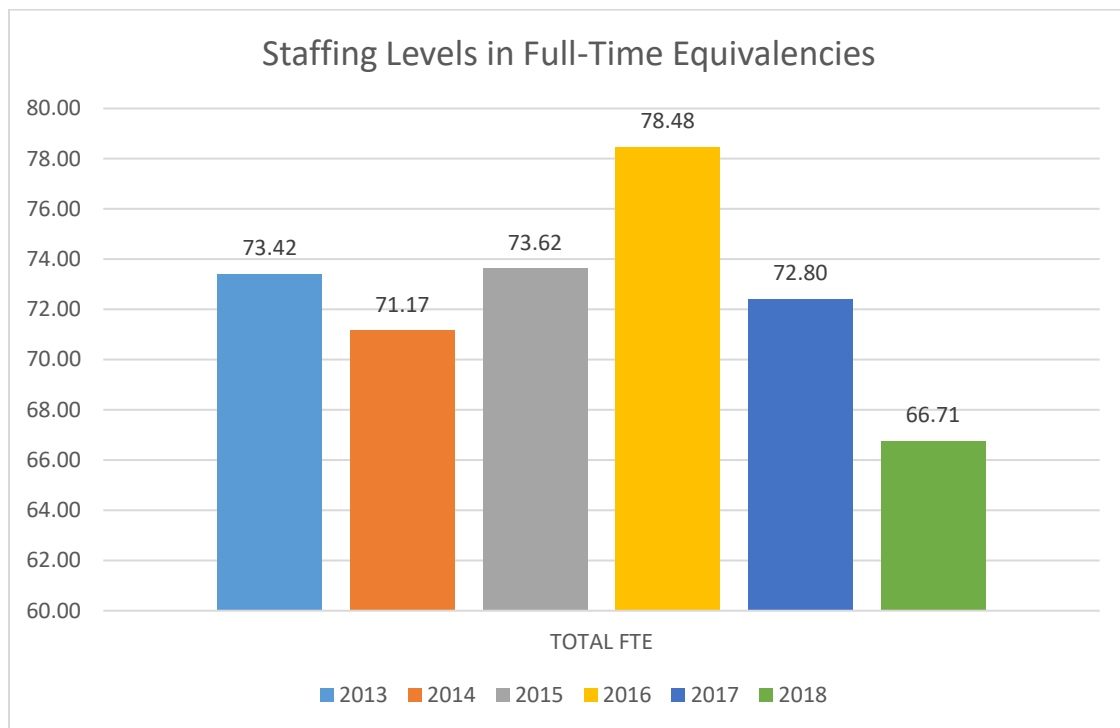
- Seniors Day – the second Wednesday every month the TLC hosts a free Seniors Day. This includes live entertainment, dancing, coffee, snacks and an opportunity for area residents to enjoy friends and family in a welcoming and inclusive environment.
- Golden Memberships – at the TLC, any individual 80 years of age or older is eligible for complimentary membership. This category represents an active and vibrant percentage of the TLC's membership and this benefit is offered at a cost to the facility.
- Child Minding Services – this service is offered at a deficit to the community to provide a low cost and convenient option for families with young children. It is commonly used for mothers or fathers to be able to participate in TLC activities while their children are care for by TLC staff members.
- Outdoor Skating – our outdoor skating project in 2015 provided another free community recreational opportunity. This project did require resources from the TLC to develop and maintain throughout the winter months and added yet another option for local residents.

These examples are just the tip of the iceberg when it comes to the value to the community and cannot be measured by revenues or expenses. Attached as Appendix "A" is a full service level summary which outlines the service levels for 2018 including service level changes or additions from 2017.

Staffing Overview

The TLC is a mid-size organization that employs approximately 200 staff members who make up a total of 66.77 full-time equivalencies in the 2018 plan. This group of staff is made up of a leadership team which includes supervisors, coordinators and administrative support along with staff positions throughout each department of the organization.

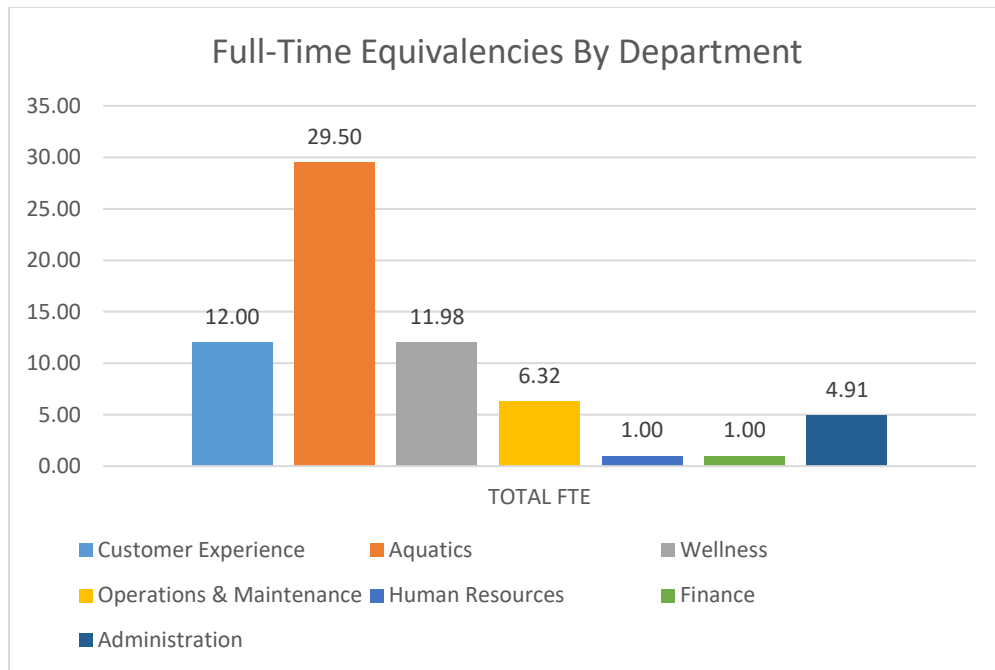
In the past two years, the TLC has started to re-evaluate staff positions in an effort to become more efficient with the facility operations. This comes after three consecutive years of increased levels of FTE. This adjustment includes the elimination of 5.5 FTE of existing positions in 2016 impacting the 2017 FTE count and the contracting out of custodial services impacting the 2018 FTE count.



The staffing mix includes full-time, part-time, seasonal and casual staff members working in one of seven specific departments. These departments include:

1. Customer Experience
2. Aquatics
3. Wellness
4. Operations & Maintenance
5. Human Resources
6. Finance
7. Administration

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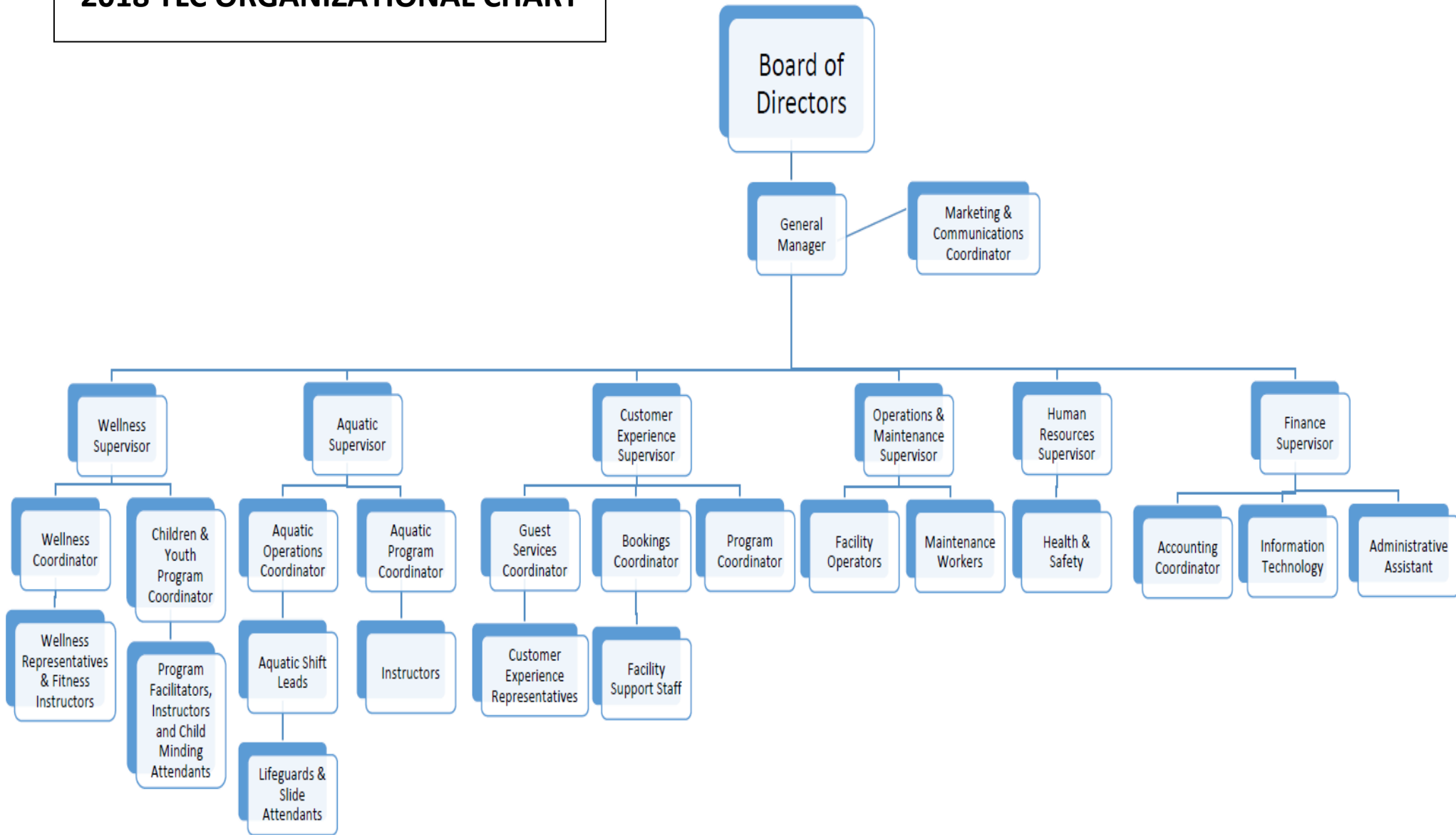


In addition to the staffing complement, the TLC also has a number of contractors working within the facility. These individuals include

1. Custodians – 11.92 FTE
2. Health and Safety Advisor – 0.80 FTE
3. Information Technology Advisor – 0.55 FTE
4. Personal Trainers
5. Dietician

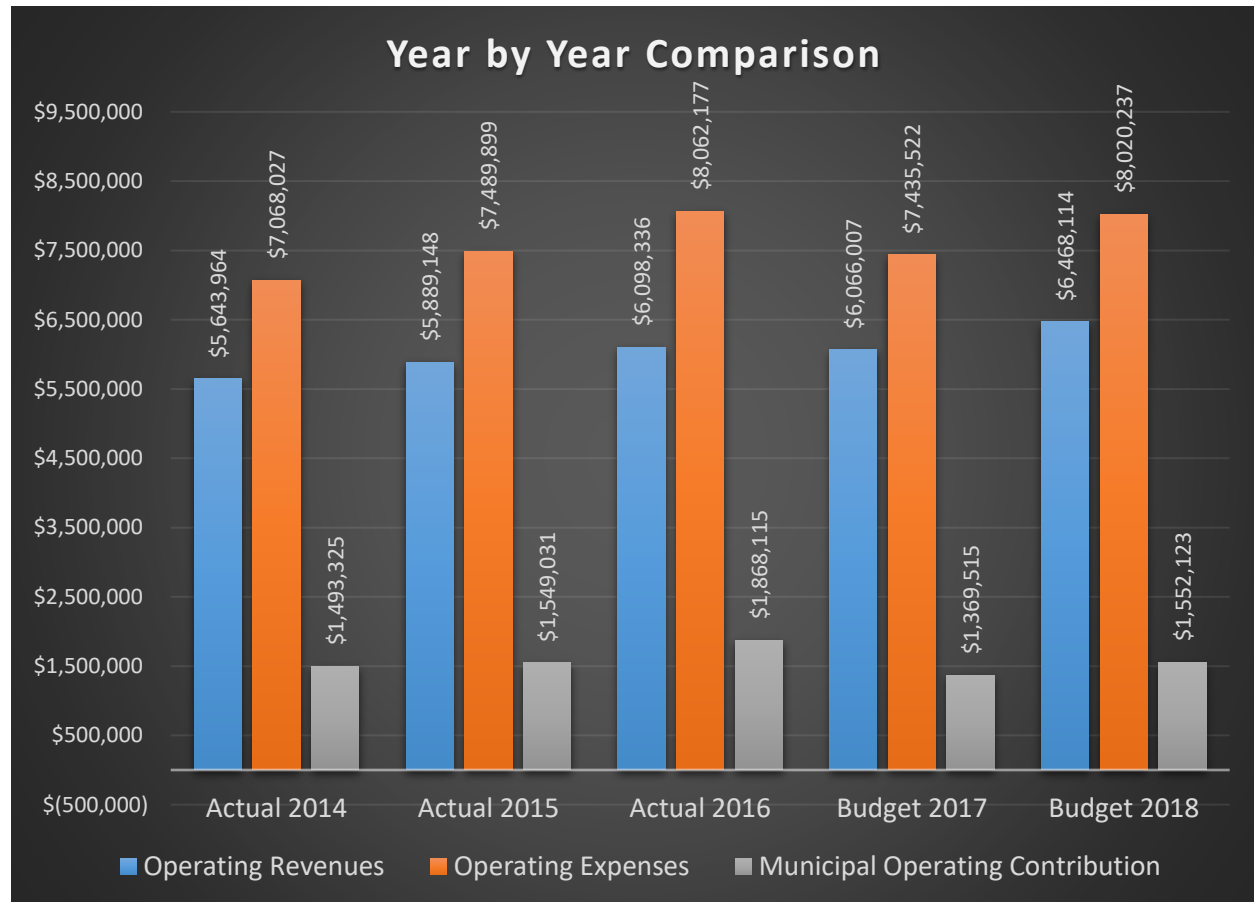
Working together, the group of staff and contractors deliver a high quality product to the communities served.

2018 TLC ORGANIZATIONAL CHART



Budget Overview

The draft 2018 budget represents a similar service level and operating plan to the 2017 budget. With few exceptions, the departmental budgets remain very consistent to 2017. Exceptions include an adjustment for utility expenses, an increase in customer experience hours at the main reception desk and an increase to the lifeguard hours in the Aquatic Centre.



The following summary points are highlighted in the draft 2018 budget request:

- Operational cost recovery of 80.65%.
- \$182,608 increase in municipal operating contribution primarily related to utility increases along with lifeguard and customer experience FTE increases.
- Increase of 6.63% in earned revenues from 2017 budget to 2018 budget (excludes municipal operating contribution).
 - Includes an anticipated addition of approximately \$310,000 in Stony Plain Outdoor Pool revenues.
 - Includes anticipated increases to arena rental revenue related to a modest fee increase in 2017.
 - Includes the added revenue from the addition of The Fix Coffee Co. lease.
- Increase of 8.23% in operating expenses.
 - Includes approximately \$275,000 in Stony Plain Outdoor Pool expenses.
 - Includes the addition of 1.0 FTE Customer Experience Representative.
 - Includes the addition of 0.25 FTE Lifeguard.

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- Includes the addition of approximately \$70,000 for utilities related to the impact of the carbon tax and water/sewer billing correction.
- Capital and infrastructure projects with a focus on:
 - Life cycle replacement resulting from the newly developed life cycle & capital plan.
 - Planned projects identified as a result of specific need.

The following provides a comparison of the total budget requests from 2017 and the current draft budget request for 2018:

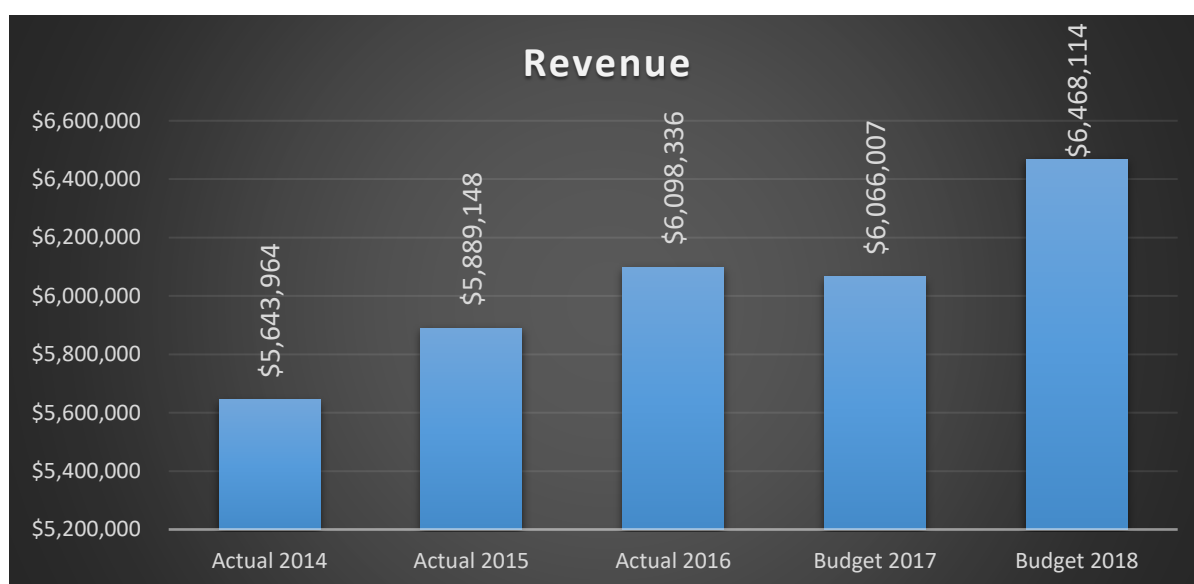
	Approved 2017 Budget	Draft 2018 Budget
Total Revenues	\$7,435,522	\$8,020,237
Earned Revenues	\$6,066,007	\$6,468,114
Municipal Operating Contribution	\$1,369,515	\$1,552,123
Total Expenses (including depreciation)	\$7,710,519	\$8,345,234
Infrastructure Expenses	\$304,500	\$550,007
Capital Expenses	\$374,730	\$210,956
Total Municipal Contribution	\$2,048,745	\$2,313,086
Municipal Operating Contribution	\$1,369,515	\$1,552,123
Municipal Infrastructure Contribution	\$304,500	\$550,007
Municipal Capital Contribution	\$374,730	\$210,956

Detailed Budget

The following provides a detailed explanation of the draft 2018 budget as prepared by TLC administration.

Revenues

Total revenues (excluding municipal contribution), have shown consistent growth over the past three years of actual data. The 2017 budget was a conservative estimate of revenues made early in the 2016 calendar year when the uncertainty of the impact of a weak economy was unknown. As 2016 progressed, the TLC continued to realize the same consistent revenue growth that had been seen in the previous two years. As a result, the TLC predicts a similar increase as we move towards 2018.

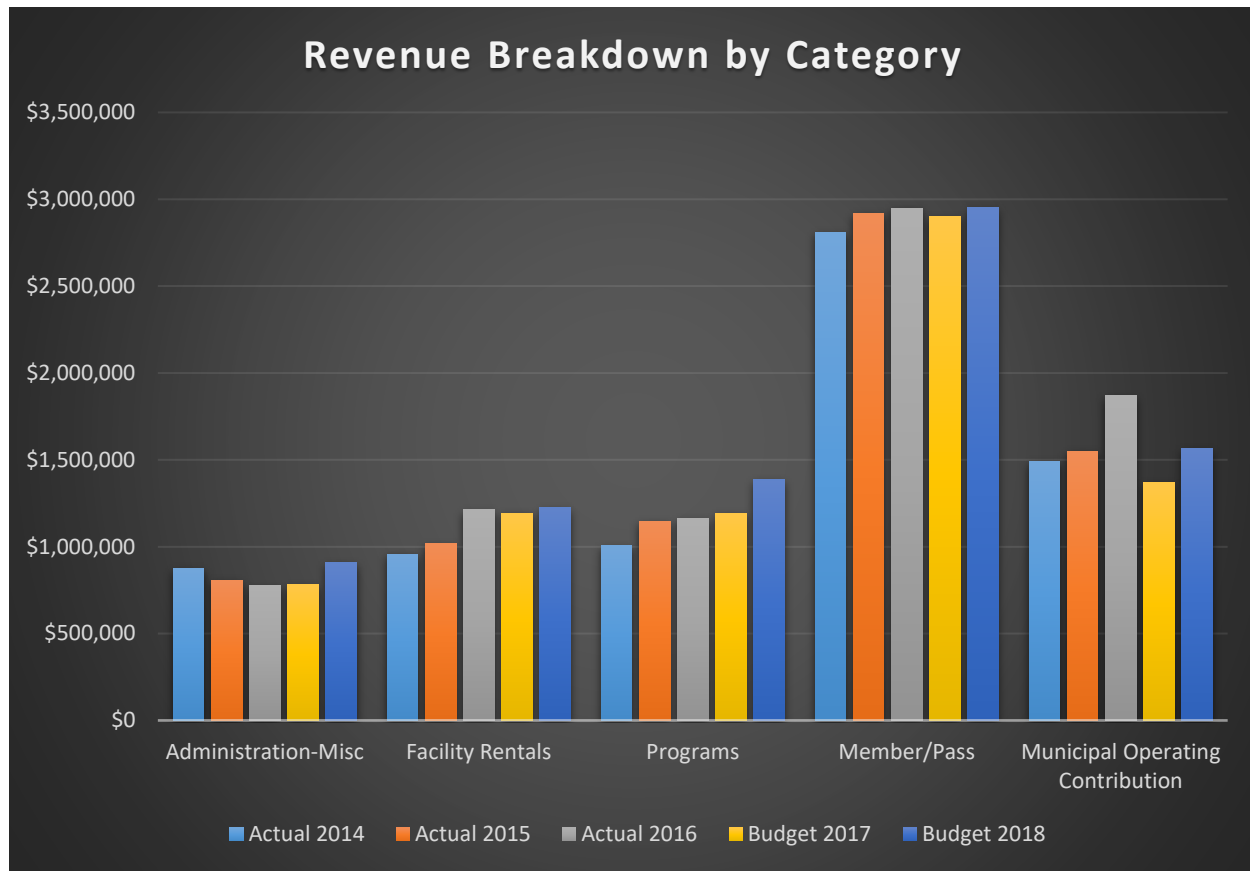


The TLC categorizes revenue into five primary streams:

1. Sales of memberships, passes and daily admissions
2. Registration in programs and services
3. Facility rentals and events
4. Administrative miscellaneous (additional tertiary revenues are recorded as miscellaneous administrative revenues)
5. Municipal contribution (operating)

In reviewing the 2017 year to date revenues through May, the consistent growth trends are continuing. This growth includes an unexpected increase to the membership, passes and admissions category which administration had predicted to level off.

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The above breakdown of revenue by category continues to show the consistent revenue growth by department in most categories. The increase to the programs and administration revenue is largely due to the added revenues from the Stony Plain Outdoor Pool. A portion of these revenues will be offset by corresponding expenses to operate the pool.

Detailed Revenues

The draft 2018 budget includes a 6.63% overall increase in earned revenues. The specific breakdown of where the change in revenue will occur can be summarized as follows:

1. Membership, Passes and Admissions – increase 1.72%
2. Programs and Services – increase 16.08%
3. Facility Rentals and Events – increase 2.70%
4. Administration (miscellaneous) – increase 16.40%

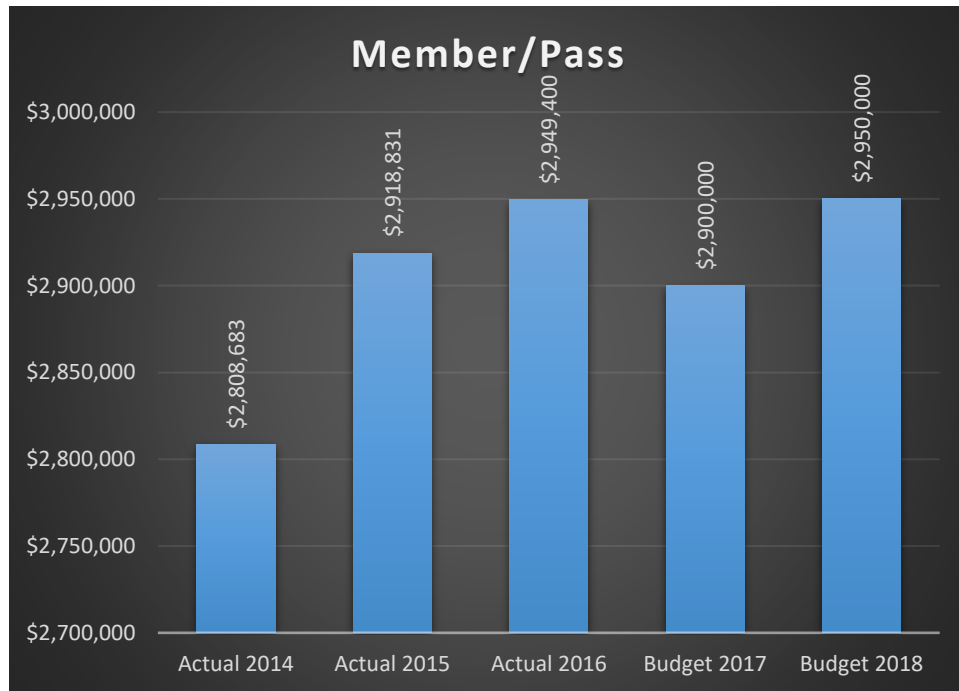
	Approved 2016 Budget	Draft 2017 Budget
Memberships, Passes and Admissions	2,900,000	2,950,000
Programs and Services	1,193,408	1,490,310
Facility Rentals and Events	1,192,000	1,224,200
Administration (miscellaneous)	780,599	803,604

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Total Revenues (excluding municipal operating contribution)	6,066,007	6,468,114
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Membership, Pass and Admissions

Membership revenues have been very consistent from year to year. In 2016, membership revenue did not meet budget leading administration to set a more conservative target for the 2017 budget. However, actual revenue totals through May 2017 are showing consistency in membership revenue growth similar to years past. As a result, administration is confident that the target for 2018 is both attainable and realistic.



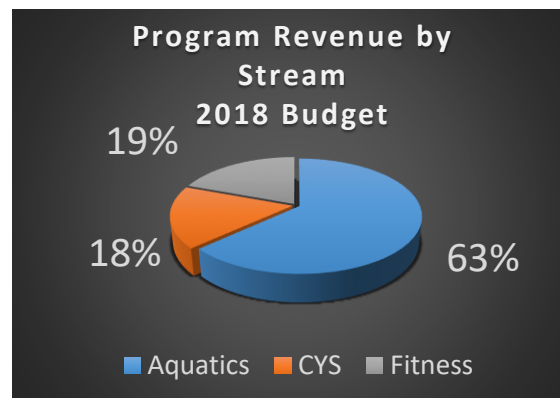
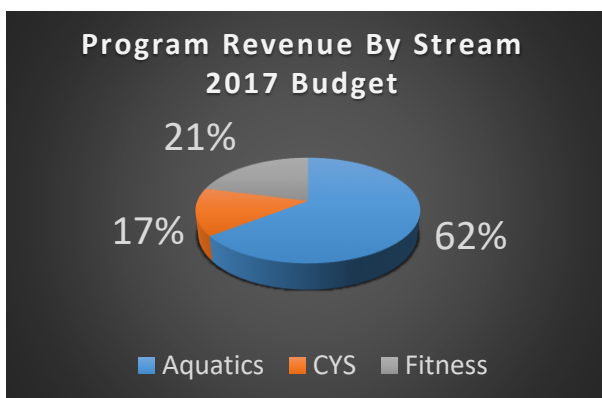
This revenue category continues to be the largest revenue stream for the TLC. Administration will continue to monitor the categories performance and has paid close attention to the impact of newly created membership categories on both the number of members and the amount of membership revenue. This review will continue moving forward.

Programs

Program revenues continue to be steady at the TLC with emphasis on aquatic program revenue growth. The TLC generates program and service revenues in the following categories:

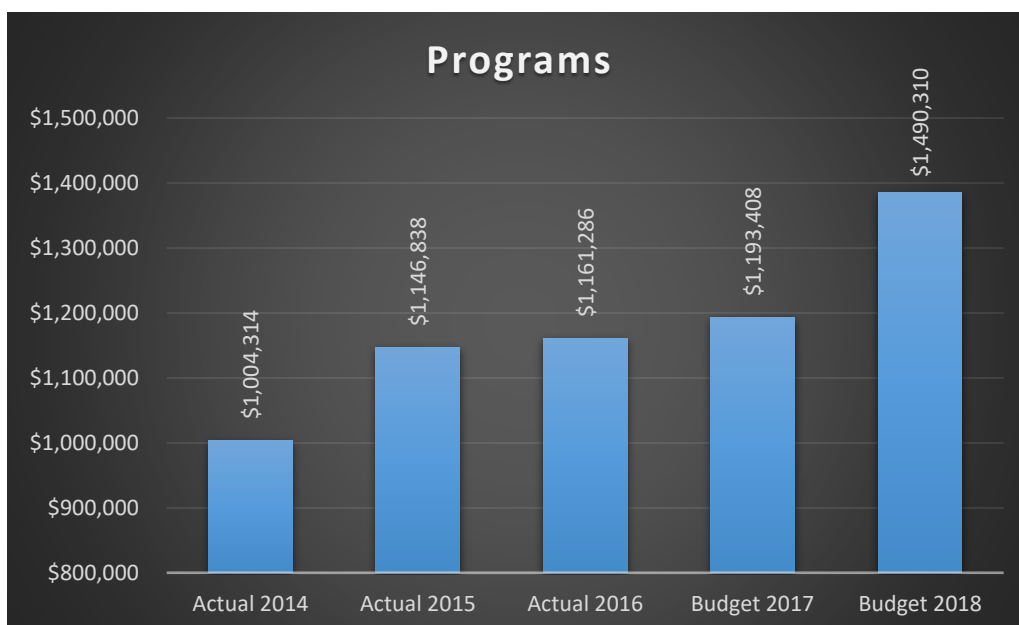
1. Aquatic programs
2. Children and Youth (CY/Collaborative) programs
3. Fitness programs and services

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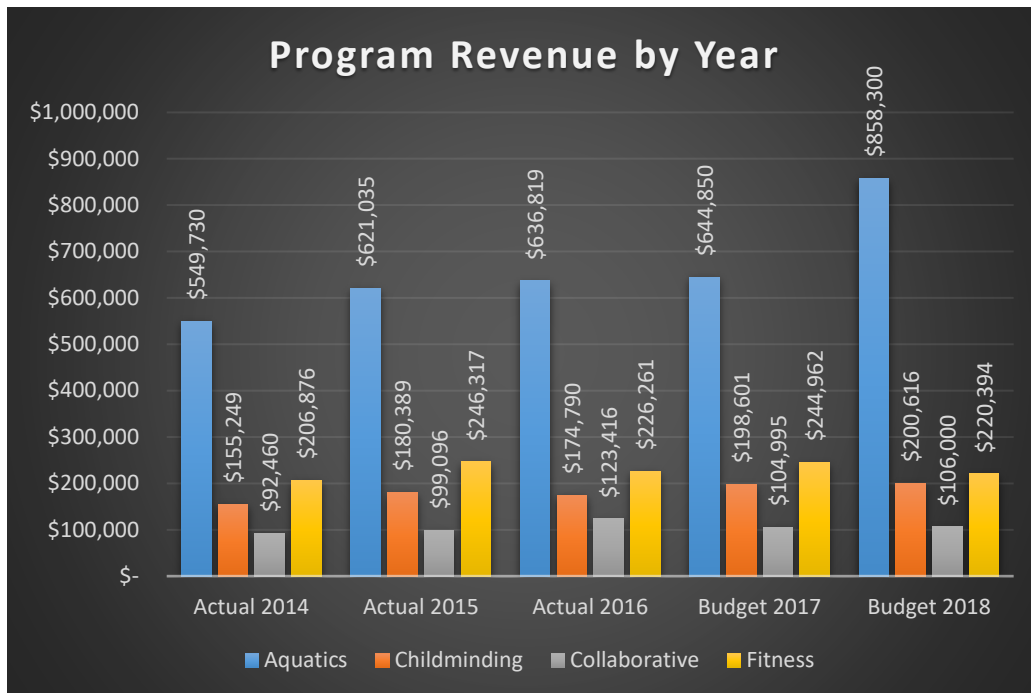
Programs have always been a strength of the TLC's offering and administration anticipates 2018 to be no different. The program revenue is anticipated to be consistent in all areas and will be increased with the addition of the Stony Plain Outdoor Pool.

There has been a slight shift in how the TLC earns revenues with some of the percentage of revenues shifting from wellness to aquatic and children's programs. This is partially due to the emergence of programs such as the athlete development project and PLAY Parkland for youth and the ongoing increase to external competition for adult wellness programs at competing venues.



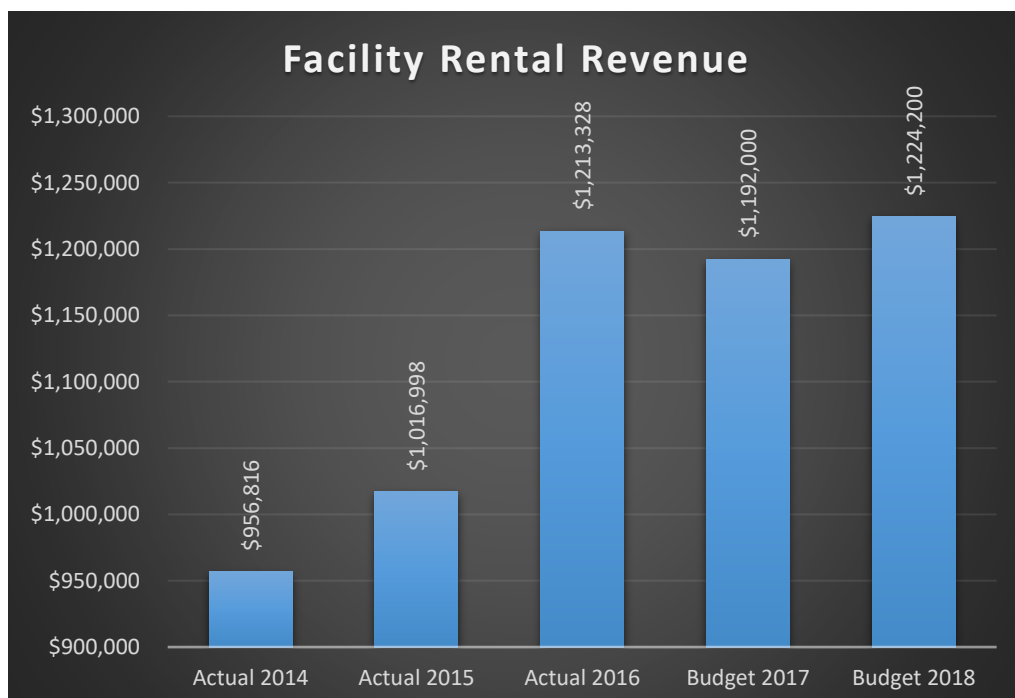
In 2018, \$205,000 of the increased program revenue is directly related to the new initiative at the Stony Plain Outdoor Pool. Otherwise, the TLC anticipates modest change in the other existing categories. In many ways, the TLC is limited by programmable space in the growth of programs.

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Facility Rentals and Events

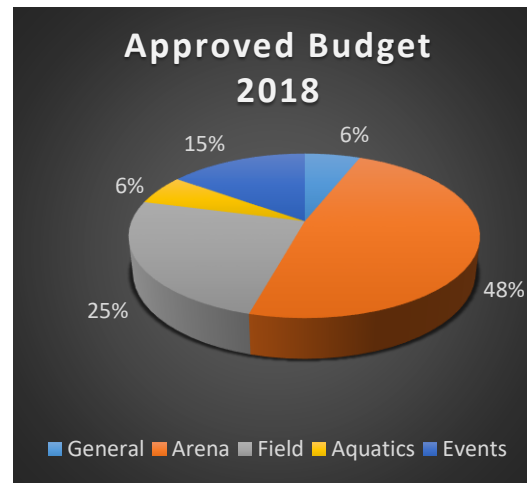
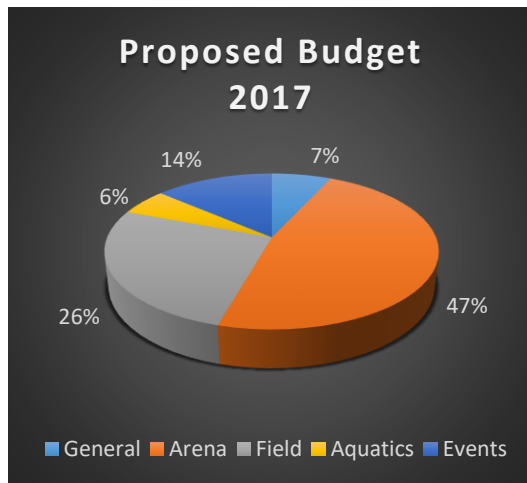
Facility rental revenues are another category that is relatively consistent from year to year. In 2016, facility rental revenue increased by approximately \$200,000. This increase was almost entirely the result of the four major concert/special events that occurred in that calendar year. For the most part, the revenues for the field and arena revenues, which makes up a large portion of the total revenue amounts, remained consistent from previous years.



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The TLC generates facility rental and events revenues in the following categories:

1. General Rentals
2. Arena
3. Fields
4. Aquatic
5. Track
6. Events



These revenue categories remain extremely consistent year over year.

Administration (Miscellaneous)

The TLC generates general revenues recorded under administration (miscellaneous) revenues in the following categories:

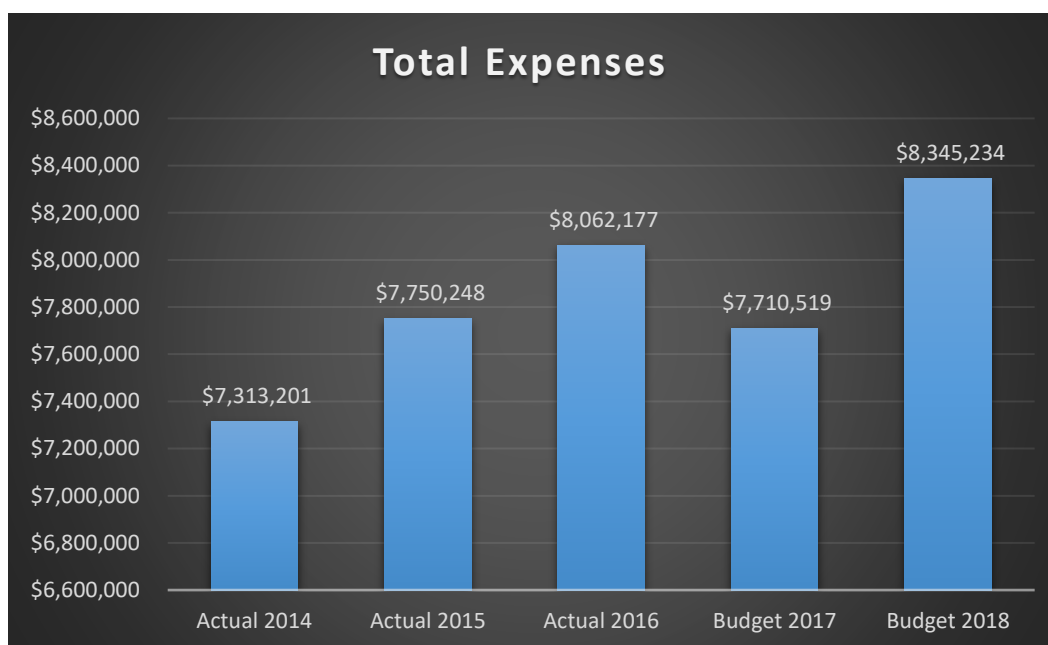
1. Leases
2. Sponsorships and advertising
3. Investment revenue
4. Pro Shop and vending

TLC administration is expecting consistent administrative revenues for 2018 as many of the categories are consistent year to year and given the economic climate in Alberta, it is believed that growth in these revenue areas may not be achievable at this time. These revenue expectations are achievable as many of the agreements in place (leases and sponsorships as examples), are committed through the 2018 fiscal year.

Expenses

The draft 2018 budget includes an 8.23% increase in operating expenses. This increase can be attributed to four specific items which include the Stony Plain Outdoor Pool operating expenses, the addition of 1.0 FTE in Customer Experience Representative, the addition of 0.25 FTE in Lifeguards and the increase in \$70,000 in utilities to account for the carbon tax and a correction to the water and sewer billing.

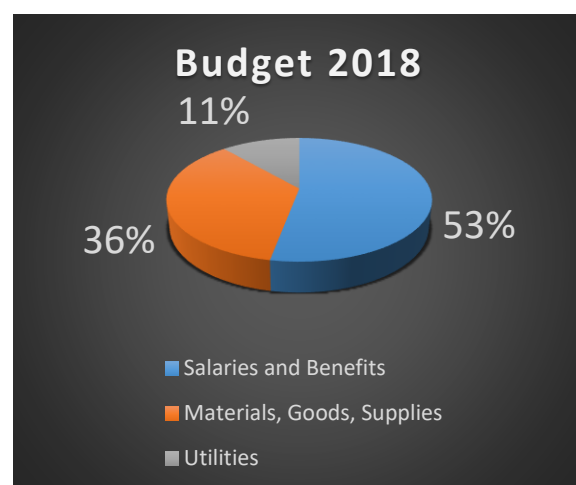
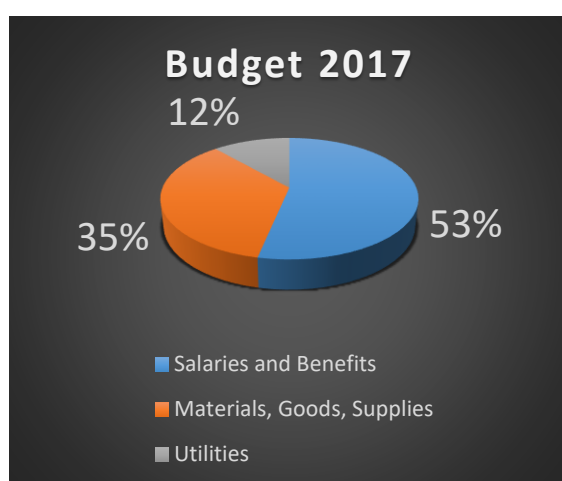
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The spike in 2016 was the result of the unbudgeted write-off of TLC expansion schematic design from years ago which was an approximate cost of \$270,000. In 2018, the significant increases include the \$275,000 for the Stony Plain Outdoor Pool operating expenses, \$70,000 in utilities, \$90,000 in Customer Experience Representative wages, \$10,000 in Lifeguard wages along with annual COLA and step increases for staff. The cost of living increase for in-scope staff in 2018 will be 2.5%. This is the third and final year of the existing collective agreement between the TLC and the International Union of Operating Engineers Local 955.

TLC operating expenses are made up of three primary categories:

1. Salaries and benefits
2. Materials, goods and supplies
3. Utilities

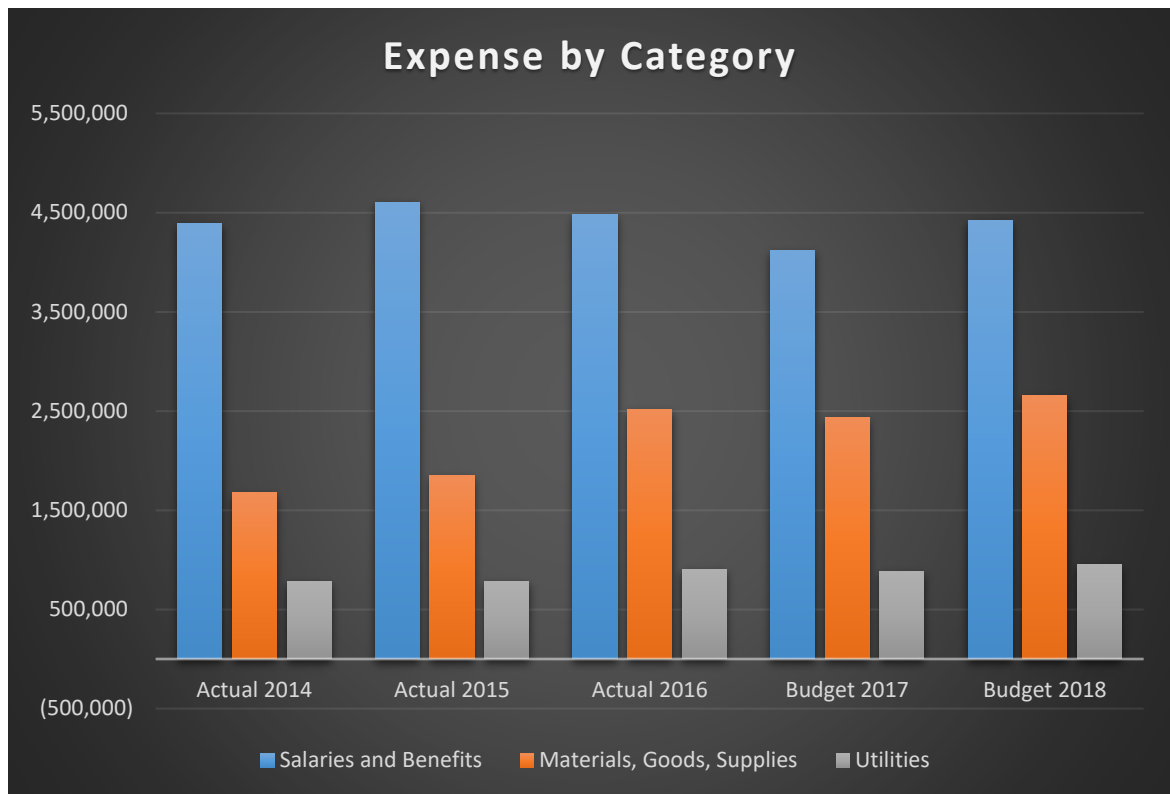


The percentages for each expense category remain virtually unchanged in 2018 compared to 2017.

Detailed Expenses

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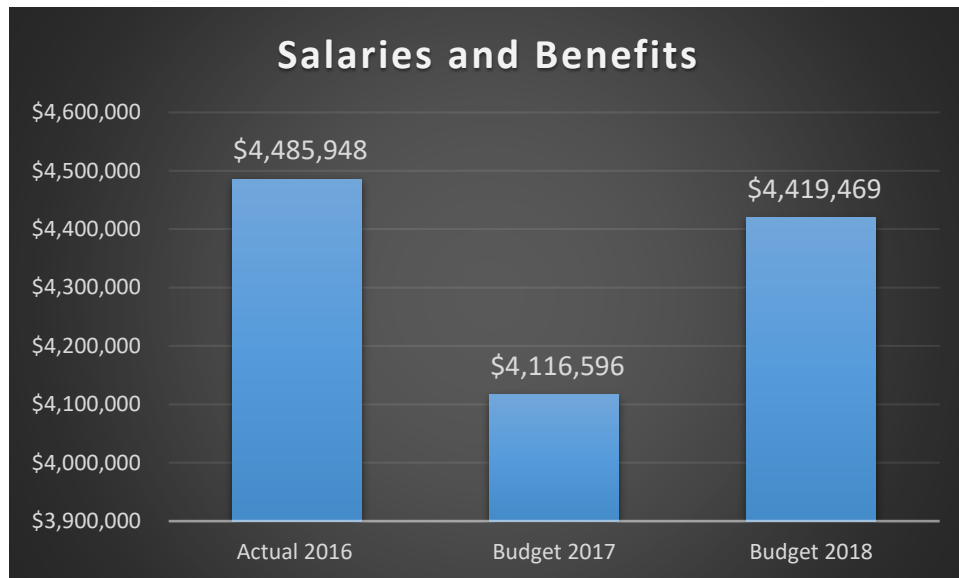
Expenses at the TLC will remain very consistent to the 2017 budget with the exception of wages resulting from the increased service levels to customer experience and aquatic lifeguards along with the addition of the Stony Plain Outdoor Pool.



Salaries and Benefits

The draft 2018 budget includes a 7.4% increase in total salaries and benefits. However, the Stony Plain Outdoor Pool staff wages represents \$231,000 of the 303,000 increase to salaries and benefits. The remaining salaries line items remain fairly consistent with the exception of administrative salaries. The 2018 budget also includes the relocation of the Corporate Services Manager wages from salaries and benefits to materials, goods and supplies as a contracted service.

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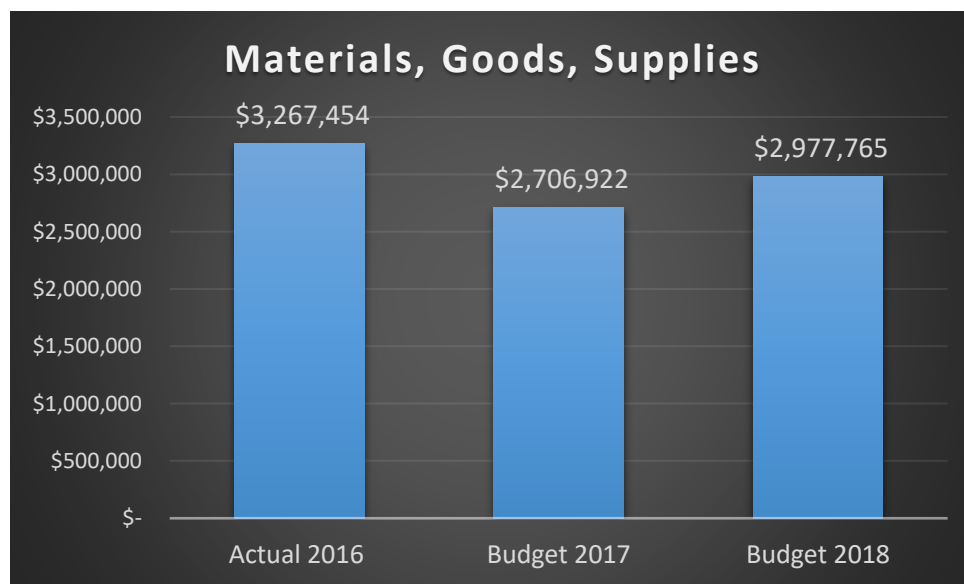


Supplies, Goods and Materials

The draft 2018 budget includes supplies, goods and materials comprised of the following:

1. Building and equipment maintenance
2. Supply items for all departments
3. Contract services for all departments including custodial
4. Insurance
5. Information technology
6. Depreciation expense

A major expense in the materials, goods and supplies line from the 2016 year was the TLC expansion schematic design write-off of approximately \$270,000. This expense accounts for the spike in this category for the 2016 year.



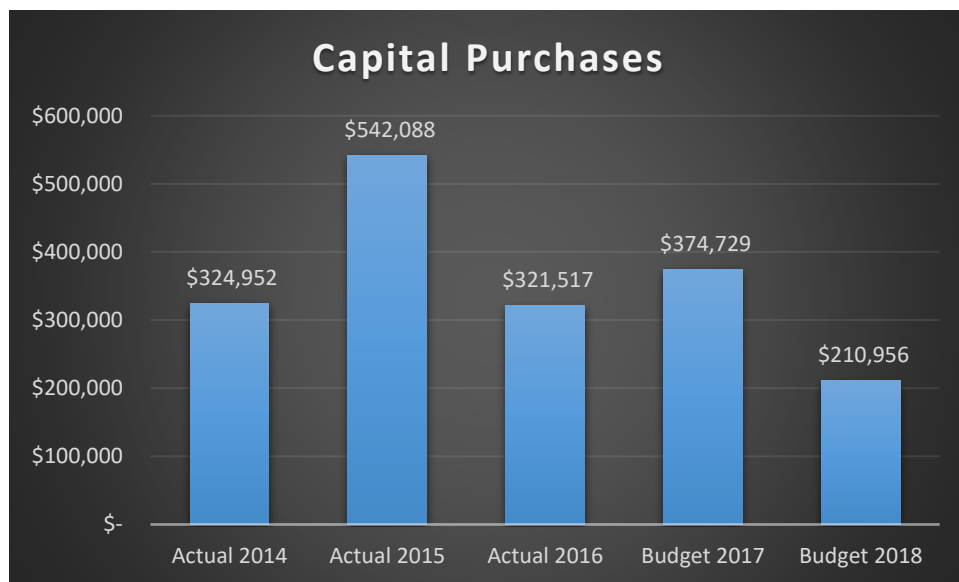
Utilities

TLC administration expects the utility costs for 2018 to increase by approximately \$70,000. This increase is directly the result of the recently introduced carbon tax along with the correction of a City of Spruce Grove water and sewer billing error which had occurred early in 2016.

Capital Expenses

TLC administration's draft 2018 capital budget is based on the lifecycle replacement and purchase of new items and projects valued greater than \$5,000. The draft 2018 capital budget includes but is not limited to the following items:

- Fitness equipment
- Child Play Room Play Structure Replacement
- Adventure Play Balance Board
- Two-Way Radio Replacement
- Lawn Mower Replacement

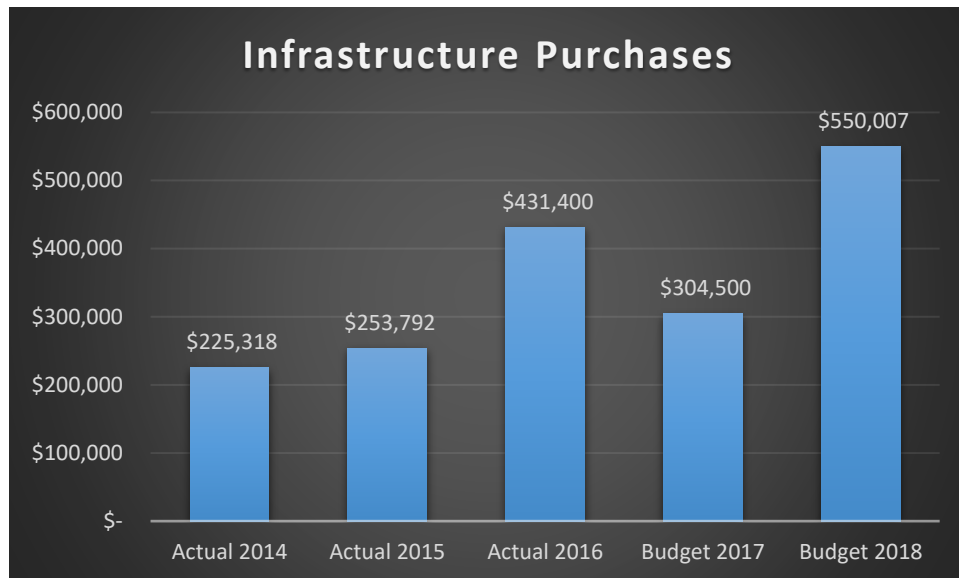


Infrastructure Expenses

The 2018 infrastructure expenses include a number of projects identified in the lifecycle plan for the TLC. Projects include but are not limited to the following:

- Arena Dressing Room Revitalization
- Child Play Room flooring replacement
- North Arena lighting replacement
- Customer Experience Desk Revitalization
- Pool tile and grout repair

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Municipal Contribution

The TLC depends on municipal funding in order to meet the sport, recreation, cultural and overall wellness needs of residents in the Tri-Municipal Region. Consistent growth of revenue at the TLC couple with a leaner take on operational expenses has created a reduction in the anticipated request for subsidization from the municipalities.

For budget purposes, the municipal contribution to the TLC is separated into three distinct categories:

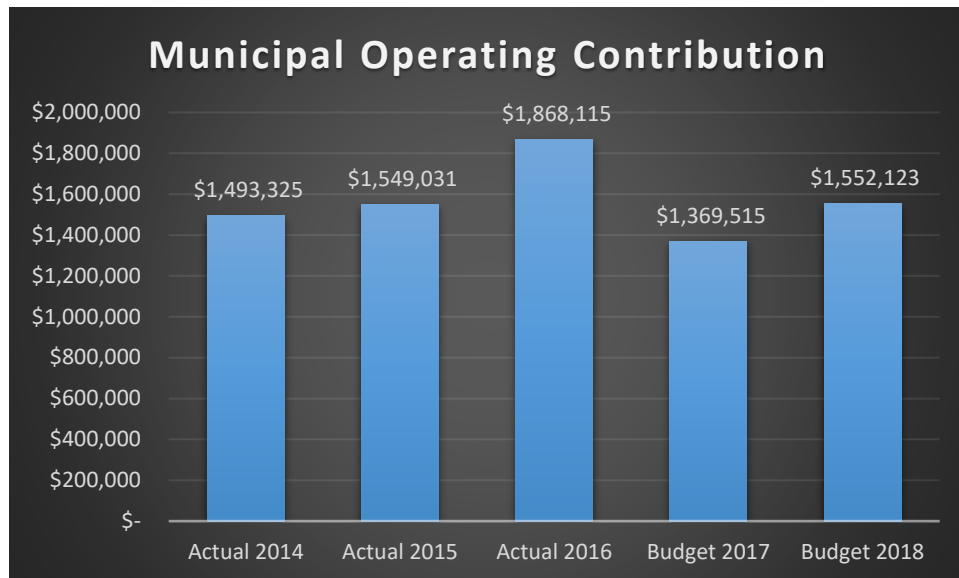
1. Operating
2. Capital/lifecycle
3. Infrastructure

	Approved 2017 Budget	Draft 2018 Budget
Total Municipal Contribution	\$2,048,745	\$2,313,086
Municipal Operating Contribution	\$1,369,515	\$1,552,123
Municipal Infrastructure Contribution	\$304,500	\$550,007
Municipal Capital Contribution	\$374,729	\$210,956

Municipal Operating Contribution

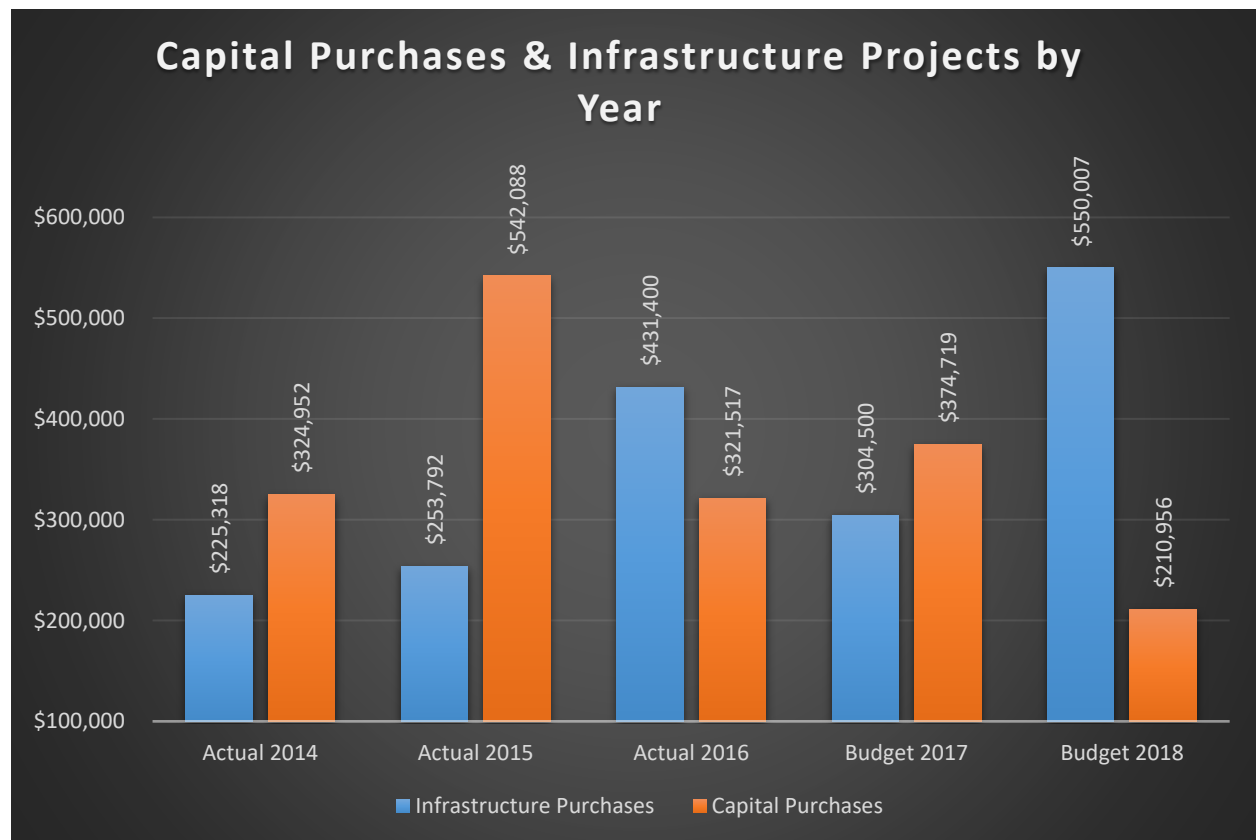
The municipal operating contribution has increased over the past four years. In 2017, the TLC took a much more aggressive approach to facility budgeting and made a number of difficult decisions in its operations including the elimination of a number of staff positions and the contracting out of custodial services. Year to date (through May), administration is confident that it will deliver on the 2017 budget as presented. As a result, the 2018 draft is a continuation of these efforts to deliver an efficient operation for the owners.

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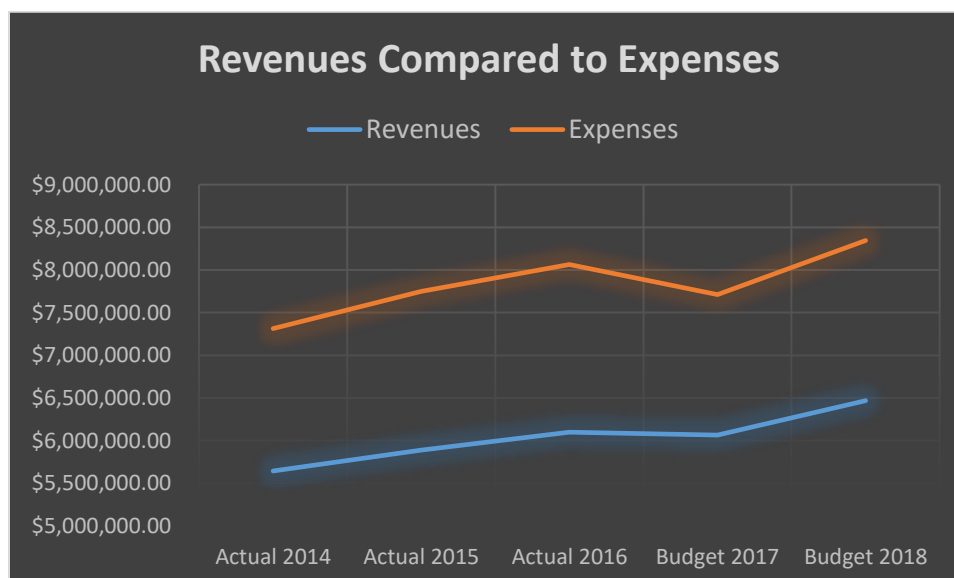
Municipal Capital and Infrastructure Contribution

The ongoing development of the lifecycle and maintenance plan for the facility as well as the long range capital plan will provide the TLC and partner municipalities with the framework needed to be able to plan out and executive annual improvements needed. Below is a summary of the infrastructure and capital projects for the past 4 years along with the 2018 budget.



Revenues Compared to Expenses

2018 budget reflects an ongoing effort to control the municipal contribution levels and sustain cost recovery.



The spike in expenses for 2016 is related to the unbudgeted write-off of the TLC's expansion schematic design. The TLC's auditors recommended that this project be expensed in the 2016 year. This expense totaled approximately \$270,000. In reviewing the revenues compared to expenses, the revenues continue on an upward and consistent trajectory and the expenses, generally speaking, are increasing at a proportionate rate. In 2018 the increases in both revenues and expenses are largely impacted by the new initiative of the Stony Plain Outdoor Pool.

Operational Cost Recovery Ratio

TLC administration calculates the annual cost recovery as a percentage of operational expenses recovered through earned revenues.

The TLC's ability to earn revenues against operating expenses determines both the annual operating recovery rate, as well as the municipal contribution required for a given fiscal year.

The proposed 2018 cost recovery ratio is at 80.65%.

Summary

The TLC is proud to serve the residents of the Tri Region. The TLC is also proud to represent the municipal owners in the delivery of high quality recreation and culture programs, services and events. Administration recognizes the importance of providing these opportunities in a responsible and efficient manner and the 2018 budget draft is intended to be a realistic and attainable.

As we progress through 2017 and prepare for 2018, the TLC commits to working towards finding operational efficiencies. The TLC will commit to ensuring that in doing so the integrity of the facility, the board and the municipalities are not compromised.

Appendix “A” – Service Levels 2018