
Memorandum

To: Mayor and Members of Council
Cc: Department Heads
From: Steve Solski
Date: January 18, 2017
Subject: FirstOntario Performing Arts Centre 2017 Budget

The FirstOntario Performing Arts Centre presented its 2017 Budget to the Budget Committee on Dec 13, 2016. At that meeting, the Budget Committee asked staff to look at what a 24% and a 12% increase would look like, and present a 5-year budget forecast.

The FirstOntario Performing Arts Centre has the following tools to generate revenue to offset the cost of operating the centre:

Room Rentals, Production and Equipment Recoveries, Staff Recoveries, Box Office Recoveries, Postage Recoveries, Food and Beverage Sales, Merchandise, Catering Landmark Fees, Membership Fees, Ticket Handling Fees, Ticket Sales, Grants, Advertising, Sponsorship and Donations.

Staff completed a review of potential revenue opportunities based on the 2016 projected actuals and have made a \$35,353 adjustment to the revenue projections in the 2017 Budget Submission. Based on the review, adjustments were made in the following accounts:

Production and Equipment Recoveries	\$13,635
Postage Recoveries	\$1,000
Ticket Sales	\$6,718
Vending Machine Review	\$5,000
Handling Fee adjustment	\$9,000

The table below summaries the total 2017 revenue adjustment, and other increases over 2016 projected actuals:

Revenue Accounts	2016 Actual	2017 Revised	% Increase
770.100.800 Miscellaneous Revenue	\$ (11,462.11)	\$ (15,751.50)	27%
770.100.803 Brock/Corp Cont/Grants	\$ (750,000.00)	\$ (824,750.00)	9%
770.100.805/850 Combined Private Sector	\$ (137,180.00)	\$ (268,500.00)	96%
770.100.807 Fee for Service-Box	\$ (60,164.30)	\$ (73,160.00)	18%
770.100.808 Fee for Service-Product'n	\$ (142,864.33)	\$ (157,150.76)	9%
770.100.809 Fee for Service-Postage	\$ (2,924.20)	\$ (3,000.00)	3%
770.100.810 Fee for Service- Handling	\$ (66,633.80)	\$ (82,500.00)	19%
770.100.835 Ticket Sales	\$(1,624,919.84)	\$(1,624,919.84)	0%
770.100.857 Concession Sales	\$ (295,590.20)	\$ (320,000.00)	8%
770.100.930 Rental Revenue	\$ (392,832.49)	\$ (450,000.00)	13%
Total Revenue	\$(3,484,571.27)	\$(3,819,732.10)	9%

The total new revenue for the 2017 budget vs. projected actuals is an increase of \$335,161, or a 9 % increase over projected actuals.

Staff also reviewed the projected 2016 expense actuals for the centre and have made a \$75,000 reduction to the expense requirements in the 2017 Budget Submission summarized below:

Concession Products	\$60,000
Artist/Entertainment Riders	\$15,000

The combined expense and revenue adjustments made based on 2016 actuals, results in a total decrease to the 2017 budget submission by \$110,353. This resulted in an overall increase of 20% over the 2016 budget, which exceeds one of the committee's request of a 24% increase. Staff feel that this is the best case scenario budget for the centre.

The committee also asked staff to look at a 12% increase in funding over the 2016 budget, and would require cutting the expense budget by an additional \$136,212. Staff feel that this would be very hard to achieve and still maintain the same service level as 2016. Along with the adjustments to revenue outlined above, the following expense reductions would be required to get us to the 12% increase. Staff do not recommend

that we make these reductions, as it will hinder the ability for the centre to meet its current mandate, and maintain the building and its equipment in good order.

Further budget cuts required

-Service Contract Reduction	\$21,212
-Marketing Reduction	\$25,000
-Staff lay-offs – summer	\$20,000
-Equipment Repairs	\$15,000
-Building Repairs	\$25,000
-General Supplies	\$10,000
-Increase Beer and Wine by \$1	\$20,000

The committee also asked that staff present a 5 year budget forecast for the centre.

The following page outlines a 5 year forecast. This forecast demonstrates the annual need of approximately \$1,500,000 to run the centre over the next 5 years with a slight decrease in its funding requirements over the next 3 years and an inflationary increase in year 5.

Steve Solski,
Executive Director, FirstOntario Performing Arts Centre

FirstOntario Performing Arts Centre 5-Year Forecast

Account Number & Description	2016 Actual	2017 Budget	2018	2019	2020	2021
770.100.001 Salaries/Wages-Regular	\$ 1,106,175.41	\$ 1,297,674.00	\$ 1,313,894.93	\$ 1,330,318.61	\$ 1,346,947.59	\$ 1,363,784.44
770.100.003 Salaries/Wages-Ext Servic	\$ 808,280.28	\$ 852,410.00	\$ 863,065.13	\$ 873,853.44	\$ 884,776.61	\$ 895,836.31
770.100.007 Holiday/Vacation Pay	\$ 40,999.36	\$ 23,000.00	\$ 23,575.00	\$ 24,164.38	\$ 24,768.48	\$ 25,387.70
770.100.030 Pensions	\$ 185,771.90	\$ 250,795.00	\$ 257,064.88	\$ 263,491.50	\$ 270,078.78	\$ 276,830.75
770.100.031 Other Benefits	\$ 137,507.18	\$ 150,643.00	\$ 154,409.08	\$ 158,269.30	\$ 162,226.03	\$ 166,281.69
770.100.032 Workers Compensation	\$ 53,983.87	\$ 66,918.00	\$ 68,590.95	\$ 70,305.72	\$ 72,063.37	\$ 73,864.95
770.100.033 Employment Insurance	\$ 40,163.68	\$ 46,894.00	\$ 48,066.35	\$ 49,268.01	\$ 50,499.71	\$ 51,762.20
770.100.041 Safety Shoes	\$ 175.00	\$ 350.00	\$ 358.75	\$ 367.72	\$ 376.91	\$ 386.33
770.100.053 Service Contracts	\$ 156,884.06	\$ 183,667.00	\$ 187,340.34	\$ 191,087.15	\$ 194,908.89	\$ 198,807.07
770.100.054 Equipment Repairs	\$ 1,465.33	\$ 15,000.00	\$ 16,500.00	\$ 18,150.00	\$ 19,965.00	\$ 21,961.50
770.100.067 Mileage	\$ 2,908.02	\$ 6,000.00	\$ 6,120.00	\$ 6,242.40	\$ 6,367.25	\$ 6,494.59
770.100.101 General Supplies	\$ 20,227.94	\$ 35,000.00	\$ 38,500.00	\$ 42,350.00	\$ 46,585.00	\$ 51,243.50
770.100.110 Uniform Clothing	\$ 3,280.30	\$ 4,500.00	\$ 4,590.00	\$ 4,681.80	\$ 4,775.44	\$ 4,870.94
770.100.127 Concession Products	\$ 151,645.49	\$ 198,500.00	\$ 202,470.00	\$ 206,519.40	\$ 210,649.79	\$ 214,862.78
770.100.140 Concession Supplies	\$ 8,594.55	\$ 23,000.00	\$ 23,460.00	\$ 23,929.20	\$ 24,407.78	\$ 24,895.94
770.100.150 Cleaning Services	\$ 37,205.29	\$ 3,224.00	\$ 3,546.40	\$ 3,901.04	\$ 4,291.14	\$ 4,720.26
770.100.152 Gnl Bldg Maintenance	\$ 144.90	\$ 4,000.00	\$ 4,400.00	\$ 4,840.00	\$ 5,324.00	\$ 5,856.40
770.100.153 Snow Yard Maintenance	\$ 15,280.46	\$ 16,402.00	\$ 16,730.04	\$ 17,064.64	\$ 17,405.93	\$ 17,754.05
770.100.157 Rent	\$ 185,000.00	\$ 212,500.00	\$ 212,500.00	\$ 212,500.00	\$ 212,500.00	\$ 212,500.00
770.100.162 Building Repairs	\$ 14,567.02	\$ 40,000.00	\$ 44,000.00	\$ 48,400.00	\$ 53,240.00	\$ 58,564.00
770.100.163 Heat, Light, Power, Water	\$ 263,000.00	\$ 286,743.69	\$ 301,080.88	\$ 316,134.92	\$ 331,941.67	\$ 348,538.75
770.100.173 Insurance-Bldg/Contents	\$ 31,767.55	\$ 33,358.00	\$ 34,025.16	\$ 34,705.66	\$ 35,399.78	\$ 36,107.77
770.100.200 Contract-Advisory Service	\$ 1,932.66	\$ 10,000.00	\$ 10,200.00	\$ 10,404.00	\$ 10,612.08	\$ 10,824.32
770.100.203 Contract-Artists/Entert'r	\$ 839,448.37	\$ 822,812.00	\$ 839,268.24	\$ 856,053.60	\$ 873,174.68	\$ 890,638.17
770.100.205 Contracts-Security	\$ 18,176.56	\$ 51,754.00	\$ 52,789.08	\$ 53,844.86	\$ 54,921.76	\$ 56,020.19
770.100.206 Contract-Garbage Collec'n	\$ 1,820.34	\$ 4,479.00	\$ 4,568.58	\$ 4,659.95	\$ 4,753.15	\$ 4,848.21
770.100.211 Show Production	\$ 43,628.88	\$ 45,000.00	\$ 45,900.00	\$ 46,818.00	\$ 47,754.36	\$ 48,709.45
770.100.235 Contract-Pest Control	\$ 440.00	\$ 1,085.00	\$ 1,106.70	\$ 1,128.83	\$ 1,151.41	\$ 1,174.44
770.100.302 Insurance-Liability	\$ 9,032.30	\$ 10,000.00	\$ 10,200.00	\$ 10,404.00	\$ 10,612.08	\$ 10,824.32
770.100.303 Courier Services	\$ 3,177.59	\$ 5,000.00	\$ 5,100.00	\$ 5,202.00	\$ 5,306.04	\$ 5,412.16
770.100.304 Postage Expense	\$ 25,013.17	\$ 25,000.00	\$ 25,500.00	\$ 26,010.00	\$ 26,530.20	\$ 27,060.80
770.100.305 Telephone	\$ 22,038.19	\$ 37,500.00	\$ 38,250.00	\$ 39,015.00	\$ 39,795.30	\$ 40,591.21
770.100.306 Cellular Phones	\$ 2,556.10	\$ 3,100.00	\$ 3,162.00	\$ 3,225.24	\$ 3,289.74	\$ 3,355.54
770.100.307 Printing	\$ 2,901.27	\$ 3,000.00	\$ 3,060.00	\$ 3,121.20	\$ 3,183.62	\$ 3,247.30
770.100.308 Copying and Prints	\$ 2,536.01	\$ 2,500.00	\$ 2,550.00	\$ 2,601.00	\$ 2,653.02	\$ 2,706.08
770.100.310 Office Supplies	\$ 13,569.68	\$ 12,000.00	\$ 12,240.00	\$ 12,484.80	\$ 12,734.50	\$ 12,989.19
770.100.314 Software	\$ 53,159.29	\$ 73,501.00	\$ 74,971.02	\$ 76,470.44	\$ 77,999.85	\$ 79,559.85
770.100.318 Cash Processing/Bank Fees	\$ 68,839.63	\$ 70,000.00	\$ 71,400.00	\$ 72,828.00	\$ 74,284.56	\$ 75,770.25
770.100.323 Internet Charges	\$ 39,617.60	\$ 40,000.00	\$ 40,800.00	\$ 41,616.00	\$ 42,448.32	\$ 43,297.29
770.100.330 Furniture/Equipment NTCA	\$ 15,643.04	\$ 10,000.00	\$ 10,200.00	\$ 10,404.00	\$ 10,612.08	\$ 10,824.32
770.100.351 Replacement micros	\$ 1,203.57	\$ 1,260.00	\$ 1,285.20	\$ 1,310.90	\$ 1,337.12	\$ 1,363.86
770.100.380 TCA Capitalized assets	\$ (11,201.58)	\$ -				
770.100.384 TCA Current year Depreciation	\$ 6,653.57	\$ -				
770.100.389 TCA Offset	\$ 4,548.01	\$ -				
770.100.401 Conferences/Conventions	\$ 12,826.14	\$ 15,000.00	\$ 15,300.00	\$ 15,606.00	\$ 15,918.12	\$ 16,236.48
770.100.405 Subscriptions/Memberships	\$ 3,835.51	\$ 4,000.00	\$ 4,080.00	\$ 4,161.60	\$ 4,244.83	\$ 4,329.73
770.100.417 Study/Consulting Fee	\$ 7,048.00	\$ 6,500.00				
770.100.450 Miscellaneous	\$ 8,891.01	\$ 7,500.00	\$ 7,650.00	\$ 7,803.00	\$ 7,959.06	\$ 8,118.24
770.100.463 Marketing	\$ 275,720.86	\$ 300,000.00	\$ 306,000.00	\$ 312,120.00	\$ 318,362.40	\$ 324,729.65
770.100.468 Artist/Entert'n Rider	\$ 44,998.27	\$ 60,000.00	\$ 61,200.00	\$ 62,424.00	\$ 63,672.48	\$ 64,945.93
		\$ -				
Total Expenses	\$ 4,783,081.63	\$ 5,371,569.69	\$ 5,471,068.69	\$ 5,580,261.32	\$ 5,692,809.93	\$ 5,808,888.92
		\$ -				
770.100.800 Miscellaneous Revenue	\$ (11,462.11)	\$ (15,751.50)	\$ (16,066.53)	\$ (16,387.86)	\$ (16,715.62)	\$ (17,049.93)
770.100.803 Brock/Corp Cont/Grants	\$ (750,000.00)	\$ (824,750.00)	\$ (841,245.00)	\$ (858,069.90)	\$ (875,231.30)	\$ (892,735.92)
770.100.805 Donations & Sponsorships	\$ (34,807.18)	\$ (178,500.00)	\$ (182,070.00)	\$ (185,711.40)	\$ (189,425.63)	\$ (193,214.14)
770.100.807 Fee for Service-Box	\$ (60,164.30)	\$ (73,160.00)	\$ (74,623.20)	\$ (76,115.66)	\$ (77,637.98)	\$ (79,190.74)
770.100.808 Fee for Service-Product'n	\$ (142,864.33)	\$ (157,150.76)	\$ (160,293.78)	\$ (163,499.65)	\$ (166,769.65)	\$ (170,105.04)
770.100.809 Fee for Service-Postage	\$ (2,924.20)	\$ (3,000.00)	\$ (3,060.00)	\$ (3,121.20)	\$ (3,183.62)	\$ (3,247.30)
770.100.810 Fee for Service- Handling	\$ (66,633.80)	\$ (82,500.00)	\$ (84,150.00)	\$ (85,833.00)	\$ (87,549.66)	\$ (89,300.65)
770.100.835 Ticket Sales	\$ (1,624,919.84)	\$ (1,624,919.84)	\$ (1,657,418.24)	\$ (1,690,566.60)	\$ (1,724,377.93)	\$ (1,758,865.49)
770.100.850 Advertising Revenue	\$ (102,372.50)	\$ (90,000.00)	\$ (91,800.00)	\$ (93,636.00)	\$ (95,508.72)	\$ (97,418.89)
770.100.857 Concession Sales	\$ (295,590.20)	\$ (320,000.00)	\$ (326,400.00)	\$ (332,928.00)	\$ (339,586.56)	\$ (346,378.29)
770.100.930 Rental Revenue	\$ (392,832.49)	\$ (450,000.00)	\$ (500,000.00)	\$ (550,000.00)	\$ (600,000.00)	\$ (612,000.00)
Total Revenue	\$ (3,484,570.95)	\$ (3,819,732.10)	\$ (3,937,126.75)	\$ (4,055,869.28)	\$ (4,175,986.67)	\$ (4,259,506.40)
Net	\$ 1,298,510.68	\$ 1,551,837.59	\$ 1,533,941.94	\$ 1,524,392.04	\$ 1,516,823.26	\$ 1,549,382.52
Percentage Increase		20%	-1.15%	-1%	-0.5%	2%