



OFFICE OF THE
City Auditor

Community Facility Services Branch Audit

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The Office of the City Auditor conducted
this project in accordance with the
*International Standards for the
Professional Practice of Internal Auditing*

Community Facility Services Branch Audit

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Executive Summary

The Community Facility Services Branch (CFS) is one of four Branches in the Community Services Department. The Branch is responsible for the programs, events, and services at over 60 City owned facilities. This includes community leisure centres, arenas, senior's centres, municipal cemeteries, golf courses, and City attractions such as the Valley Zoo and the Muttart Conservatory. In 2010, there were approximately 5.5 million visits to these facilities.

This value for money audit assessed whether CFS is operating selected facilities efficiently and effectively. It also included a review of the performance measures CFS reports on.

Effectiveness and Efficiency of Facility Operations

In our assessment of the effectiveness and efficiency of the operations of community facilities, we focused on leisure centres, outdoor pools, arenas, and the Kinsmen Sports Centre. We interviewed and observed staff at select facilities, analyzed the results from efficiency and effectiveness indicators, and reviewed the budget process.

Overall, we found that CFS is generally operating facilities in an efficient and effective manner. At the facilities we did not see signs of significant waste or ineffective activities. We observed that the operations staff are very focused on optimizing the budgets they have to ensure facilities are operated in a manner that ensures they are safe, secure, and well maintained. However, we identified additional ways to enhance the efficiency and effectiveness of operating facilities.

We made six recommendations to help enhance the efficiency and effectiveness of operations of facilities. The first five recommendations relate to: (1) improving communication between Branch sections, (2) working with the Asset Management and Public Works Department to improve the process used to ensure facilities are well maintained, as well as (3) providing operations staff with actual utility consumption data, (4) assessing staff training requirements and (5) developing a systematic process to assess, order, receive, and track material needs.

The sixth recommendation is that the CFS Manager ensures targets are developed, tracked and monitored for net operating cost per visit and cost recovery rates for each facility to ensure the Branch is able to monitor the performance of each facility against expectations and not just the Branch as a whole. We compared the cost recovery rates and net operating costs per visit at each leisure centre, outdoor pool, arena, and the Kinsmen Sports Centre and found that over the past five years the costs per visit are decreasing and the cost recovery rates are increasing. We were however unable to compare the 2009 costs per visit to a budgeted cost for each facility or the 2009 cost recovery rates for arenas to a budgeted cost.

We also reviewed the results of a survey completed by CFS on customer perception of the safety and security of facilities and on how well they are maintained. The results showed that CFS customers believe they are safe and secure in community facilities and that they believe facilities are well maintained.

Finally, we assessed the process CFS uses to prepare the budgets for each facility. We found that the process is effective in ensuring CFS has adequate forecasts of operational costs of each facility.

Performance Measures Evaluation

Our assessment of the CFS' performance measures was based on the measures and outcomes reported in the Branch's 2011 Budget Overview document. We found that CFS reports on measures that are relevant to its outcomes, but sufficient to demonstrate the achievement of only four of its seven outcomes. Based on these findings we recommended the CFS Branch Manager ensure that the Branch is reporting results to City Council on performance measures that are relevant and sufficient to assess the achievement of all the components of its outcomes.

Conclusion

We have made seven recommendations to help enhance the effectiveness and efficiency of operating facilities; however, overall the results of this Branch audit are favourable. We found that CFS is generally operating the facilities effectively and efficiently.

Community Facility Services Branch Audit

1. Introduction

The Community Facility Services Branch (CFS) is one of four Branches in the Community Services Department. CFS is responsible for the delivery of public recreation, sport, leisure, and heritage programs and services, and the City of Edmonton's (the City's) archives. It provides these programs and services at over 60 City owned facilities, including community leisure centres, arenas, senior's centres, municipal cemeteries, golf courses, and City attractions such as the Valley Zoo and the Muttart Conservatory. In 2010, there were approximately 5.5 million visits to these City facilities.

The Branch also works closely with a range of partners, such as the YMCA and the Snow Valley Ski Club, to deliver programs and services to Edmontonians. See Appendix 1 for a complete list of facilities and partners.

In 2010, the CFS Branch budgeted for \$71.79 million in expenses and \$39.24 million in revenues with the remaining \$32.55 million to be covered by the tax levy. It also budgeted to spend \$120.82 million on capital projects. In July 2010, the CFS Branch employed 1,373 staff (358 full-time and 1,015 part-time). This equates to approximately 602 full-time equivalent positions.

The Office of the City Auditor (OCA) focused this project on the operational effectiveness and efficiency of selected community facilities that CFS is responsible for, including sports centres, leisure centres, arenas, and outdoor pools. We also reviewed and assessed the publicly reported performance measures of the CFS Branch to determine if they are sufficient to demonstrate the achievement of its desired objectives.

2. Background

2.1. Branch Functions

The CFS Branch is divided into seven sections: Stewardship, Programs and Events, Customer Relationship Management (CRM), Partner and Facility Development, Recreation and Leisure Centres, Horticultural Facilities, and the Valley Zoo. The Recreation and Leisure Centres, Horticultural Facilities, and Valley Zoo sections focus on operations of facilities, while the other sections provide more Branch wide services. However, some of the sections that provide Branch wide services also operate specific facilities. The following describes each of the seven sections of the Branch and the facilities they operate:

1. **Stewardship** – This section performs the management and preservation of the existing facility infrastructure and operational systems to ensure facilities provide a reliable, safe, and environmentally sound experience for users. This includes managing Branch wide emergency preparedness and environmental management, as well as the development of operational models for new facilities. In addition, the management of major events and operations at Commonwealth Stadium fall within this section.
2. **Programs and Events** – This section manages the planning, implementing, and evaluation of the Branch’s programs, services and events relating to active living and wellness, educational experiences, events and leisure experiences, and skills development. This section also manages the City Archives and the operations of the Kinsmen Sports Centre, the Seniors Centres, the Prince of Wales Armouries, and the City Arts Centre.
3. **Customer Relationship Management** – This section manages citizen access to all Branch facilities. It is responsible for admissions, facility bookings and rentals, program registration, and ensuring transactional services safeguard City revenues. It is also responsible for identifying, developing, and pursuing new business initiatives through sales and sponsorships. The section also includes the Branch Accountability Unit which manages the Branch’s business plan and operational budget preparation, as well as the Branch’s business applications.
4. **Partner and Facility Development** – This section plans and manages community facility development either directly or through partnerships to meet the needs of Edmontonians. This section is also responsible for managing the relationship and agreement with the Fort Edmonton Management Company.
5. **Recreation and Leisure Centres** – This section is responsible for the overall operations of leisure facilities within the City. These facilities include indoor and outdoor swimming pools, indoor arenas, fitness centres, gymnasiums, and an outdoor amphitheatre.
6. **Horticultural Facilities** – This section manages the strategic direction and operations of the City’s golf courses, cemeteries, and the Muttart Conservatory. It also includes the sales process for cemetery plots and services.
7. **Valley Zoo** – This section directs the operations, maintenance, and services at the Valley Zoo and the John Janzen Nature Centre. It also includes the operations supervision for Fort Edmonton Park, the John Walter Museum, and the City Artifacts Centre.

2.2. Branch Resources

Table 1 shows the 2009 and 2010 actual financial details of the CFS Branch.

Table 1 – CFS Branch Financial Details
(\$ in thousands)

	2009 Actuals	2010 Actuals (Unaudited)
Total Revenues	35,630	37,211
Personnel	(34,197)	(36,128)
Materials & Equipment	(4,080)	(4,842)
Services	(11,949)	(12,521)
Utilities	(7,745)	(8,138)
Other & General Costs	(3,758)	(4,583)
Transfers to Reserves	(1,911)	(2,526)
Total Expenses	(63,640)	(68,738)
Tax Levy	(28,010)	(31,527)

The increase in operating expenses from 2009 to 2010 is mainly due to increased operating expenses relating to new facilities such as the Terwillegar Community Recreation Centre, St. Francis Xavier Sports Centre, and the Fred Broadstock Outdoor Pool, one-time grant expenditures to the Wildlife Rehabilitation Society of Edmonton and the Art of Living – Artifacts Centre and Archives, and inflationary impacts.

Figure 1 on the following page illustrates the distribution of the Branch's 2010 actual expenses. These expenses do not include the costs of building maintenance and custodial work. The Corporate Properties Branch of the Asset Management and Public Works Department (AMPW) includes these expenses in its budget. In 2010, AMPW spent \$9.5 million on building maintenance and \$1.8 million on custodial work.

Figure 1 – CFS Branch 2010 Actual Expenses

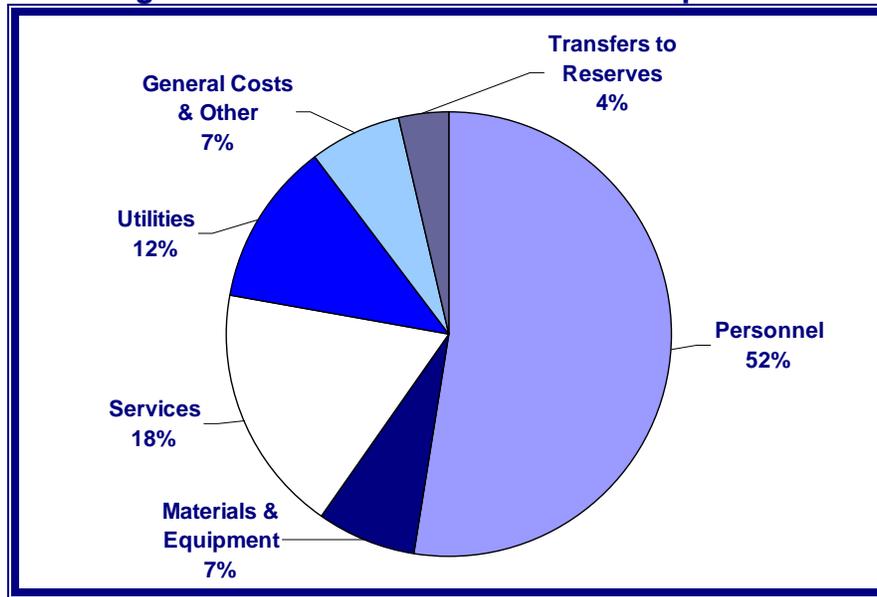


Table 2 shows the number of full-time equivalent (FTE) positions in the CFS Branch in 2009 and the number budgeted for in 2010. CFS projected FTE positions to increase by approximately 52 FTE positions (9.5 percent) between 2009 and 2010. The increase in FTE's is due to the operating impacts of the new Terwillegar Community Recreation Centre (approximately 50 FTE's) and St. Francis Xavier Sports Centre (two FTE's). According to Branch Management, due to the late opening of the Terwillegar facility, most of the positions remained vacant until January 2011.

Table 2 – CFS Branch Full-Time Equivalent Positions

	2009 Actual	2010 Budget
Full-Time Equivalent Positions	550	602

The Branch has not opened a new recreation centre since 1983, when the Mill Wood's Recreation Centre opened. Table 3 shows CFS' capital budget for 2009 and 2010. The increase in the capital budget from 2009 to 2010 is due to the start of construction of three new multi-purpose recreation centres and a multi-sport tournament and recreation site. Per City policy at the time, the budget for the new Terwillegar Community Recreation Centre was included in the Capital Construction Department's 2009 budget.

Table 3 – CFS Branch Capital Projects Budget (\$ in thousands)

	2009	2010
CFS Branch Capital Budget	\$69,254	\$120,815

3. Results of Risk Assessment

During the planning phase of this audit, we performed a risk assessment of the entire CFS Branch. The risk assessment involved conducting interviews with the management teams from each section of the Branch to gain an understanding of each section's business environment and the risks it faces. We also interviewed the Branch Manager to obtain an understanding of the risks faced by the Branch as a whole. We then asked management to assess the likelihood of each risk occurring and the impact it would have on the Branch if it did occur, considering the controls they have in place to mitigate each risk.

Overall the results of the risk assessment showed that the Branch is aware of the risks it is facing and is actively working to ensure it meets its objectives. As the risk assessment did not reveal any significant risks, we chose to focus our fieldwork on the efficiency and effectiveness of the operations of community facilities. This allowed us to provide adequate audit coverage of the Branch's expenditures and to add value through our audit.

4. Audit Objectives, Scope & Methodology

4.1. Objectives

The objectives of this audit were to determine if:

1. Community facilities are operated in an efficient and effective manner.
2. The CFS Branch has relevant and sufficient performance measures to demonstrate the achievement of the Branch's objectives.

4.2. Scope

Our review focused on the assessment of the operations of leisure centres, sports and recreation centres, arenas, and outdoor pools. The cost to operate these specific facilities account for 64 percent (\$22.0 million) of the Branch's 2010 budgeted facility operations expenses (\$34.4 million) and represent the types of facilities the Branch will be developing in the future. The specific facilities chosen as part of the review account for 31 percent of the Branch's entire 2010 budgeted expenditures of \$71.8 million. Of the Branch's seven sections, our review focused on the work of the Recreation and Leisure Centres section and the operations of the Kinsmen Sports Centre carried out by the Program and Events section. We also assessed the performance information reported by the Branch in relation to its desired outcomes.

4.3. Methodology

To determine the effectiveness and efficiency of operations of community facilities we observed and interviewed selected operations staff at a sample of leisure centres, outdoor pools and arenas, as well as at the Kinsmen Sports Centre. We also obtained

the results from the Branch's 2007, 2008, and 2009 customer surveys and analysed financial results of the facilities, including budget to actual variances.

Our review of the Branch's performance measures and objectives focused on the outcomes and performance measures included in its 2011 Budget Overview document that was presented to City Council in November 2010.

5. Observations and Analysis

5.1. Efficiency and Effectiveness of Operations

To determine if the CFS Branch is using resources efficiently and effectively to operate facilities we interviewed and observed:

- The Facility Foremen at four leisure centres,
- The Facility Foremen at two outdoor pools,
- The Kinsmen Sports Centre Facility Supervisor, Aquatics Foreman, and Operations Crew Leader, and
- The arena Team Leads, Crew Leaders, Arena Attendants at four arenas, and the arenas maintenance crew.

We also analyzed efficiency and effectiveness measures, including the net operating cost per visit at each facility, the cost recovery rate at each facility, and customer survey results that indicate whether customers believe facilities are well maintained, safe and secure. In addition, we reviewed the budgeting process to determine if it is adequate to forecast the operational costs for each community facility.

Overall, we found that CFS is generally operating facilities in an efficient and effective manner. At the facilities we did not see signs of significant waste or ineffective activities. We observed that the operations staff are very focused on optimizing the budgets they have to ensure facilities are operated in a manner that ensures they are safe, secure, and well maintained. However, we identified additional ways to enhance the efficiency and effectiveness of operating facilities.

5.1.1. Observations from facility visits and interviews

The following are the areas where CFS could enhance the efficiency and effectiveness of facility operations:

Communication and information sharing

A formal process does not exist to ensure operations staff receive information from other sections of the Branch regarding decisions that have an operational impact. As well the other sections of the Branch are not asking operations staff to provide relevant operational input for decisions that indirectly or directly affect operations. Without proper communication between the Branch sections, there is the potential that non-operational sections are not aware of the impacts their decisions may have on operational costs and activities.

The following are some examples of where enhancements to communication between Branch sections would lead to better optimization of branch resources:

- *Staffing changes* – Ensuring the management of non-operational sections are aware of the operational impacts of re-locating key staff and that operations staff are aware of the overall benefit to the Branch when key staff are re-located. For example, a Facility Foreman may rely on an experienced cashier to monitor the entrance of the facility. This may be affected when the cashier is replaced with someone who is not as familiar with the facility.
- *Revenue generation* – Operations staff may be planning expenditures without knowing the full implications on revenues. As well, other sections may be planning changes that may lead to increased revenues without knowing the implications to the operating expenses. For example, the Customer Relationship Management (CRM) section decided to allow users at one facility, to book shorter swim lanes during certain time periods to try to increase revenues. They made this decision without consultation with operational staff on the costs associated with making this change, such as additional staff time and wear and tear on equipment.
- *Facility usage* – Obtaining input from operations staff on facility usage is important because they see the day to day usage and interact with the customers. They have ideas on how to better utilize the facility to increase revenue or decrease expenses. For example, Arena Attendants noticed that CRM has allowed some users to book ice time in 30 or 45 minute intervals, leaving a small amount of unbooked time in between their sessions. Some of these groups then ask the Arena Attendant not to perform the normal ice flood in between bookings so that they can continue to use the ice. Essentially these groups are receiving free ice time.

Recommendation 1

The OCA recommends that the CFS Branch Manager establish and implement a formal process for enhancing information sharing between Branch sections impacting operations.

Management Response

Accepted: To enhance information sharing between sections within facilities, CFS will establish facility-based information sharing meetings, based on current facility best practices such as core team meetings. The facility-based meetings will be hosted at each facility, at least once a month. Key staff based within a facility, from various sections, will be identified and required to attend and contribute to the meetings. A standardized agenda will be established in consultation with Branch staff to ensure the information shared at the meetings is valuable and relevant to staff (for example: staffing changes, revenue generation, and potential facility utilization changes). The meetings will be coordinated and hosted by senior Branch leadership staff, including Facility Foreman, Team Leaders, Supervisors and Directors. A system for sharing meeting information will be established.

In addition to facility-based meetings, a multi-section work team will be established and joined by a Communications representative to determine how to encourage the use of

current Branch-wide information sources such as the CFS Branch's Private Community (RecNet), accessible on ecity, and the branch newsletter. The team will recommend new initiatives and/or processes that encourage further information sharing between sections.

Responsible Party: CFS Branch Manager with support from section Directors, Supervisors, Facility Foreman and Communications.

Planned Implementation: Implementation will begin immediately to develop a standardized agenda and expectations for facility-based meetings. Meeting protocols will be formalized and implemented by June 1, 2011.

The multi-section work team will be established by April 1, 2011. Recommendations from this committee will be completed by July 1, 2011 and implementation will begin by September 2011.

Infrastructure and facility maintenance

Our visits to the facilities revealed several areas where efficiencies and effectiveness of operations appear to be affected by the age of the facilities. These include:

- Insufficient office space and meeting places for staff to complete administrative work.
- Lack of storage.
- Old, inefficient equipment in the mechanic rooms and pool filtration systems.
- Inadequate door locks and lighting.
- Drainage issues, due to the original construction of a facility that results in increased use of chemicals in the pools and manpower.

These issues are not quick fixes and require capital investments in major renovations or redevelopments to be improved. Branch management is aware of these issues and has plans to address them when funding is available to renovate or redevelop the facilities. Currently, community facilities that the City has not renovated or redeveloped require additional maintenance to keep them operational and continue to ensure they are safe for staff and public use.

CFS does not have budgeted dollars for facility maintenance. The budget for the majority of facility maintenance costs lies with the Asset Management and Public Works Department (AMPW). Facility maintenance includes repairs to the buildings and building mechanical systems, as well as building cleaning. The effectiveness and efficiency of facility maintenance is affected by CFS' reliance on AMPW to complete the work.

The following describes enhancements CFS and AMPW should implement to the facility maintenance process to make it more effective and efficient:

- Facility staff should use a consistent method to contact AMPW to request a job order and AMPW should use a consistent method to inform facility staff as to the status of requested jobs or those in progress. Not having this has lead to facility staff spending extra time tracking the status of maintenance requests.

- AMPW staff should consistently use the sign-in sheets provided at each facility. Also, CFS should ensure sign-in sheets are readily accessible at each facility. Without signing in while working at a site, maintenance staff may be putting themselves in danger in cases where a building evacuation is required.
- CFS and AMPW should assess the benefits of using contracted staff to perform custodial services versus using City staff. CFS staff told us that City staff are generally more effective at maintaining the cleanliness of facilities than contracted staff. As well, when contracted staff are used to clean facilities, it generally requires more time and effort by CFS operations staff. Operations staff are required to deal with the cleaning issues and complete any unfinished work, which takes time away from completing their other duties.

Recommendation 2

The OCA recommends that the CFS Branch Manager work with AMPW to improve the process used to ensure community facilities are well maintained. The process should include:

- CFS staff using a consistent manner to notify AMPW to request job orders and AMPW providing operations staff with the status of each requested job order.
- AMPW staff using the sign-in sheets provided in each facility to notify CFS staff of their presence in the building.
- A qualitative and quantitative analysis to determine if City staff or contracted staff should perform the facility's custodial services.

Management Response

Accepted: CFS will work in collaboration with AMPW to develop and improve the following processes to ensure community facilities are well maintained.

- In collaboration with AMPW a system will be developed so that job requests are consistent among facilities.
- CFS will work with AMPW to develop a system to provide operations staff a way to track the status of each requested job order.
- A consistent sign-in system will be developed that will ensure AMPW staff are notifying CFS staff of their presence in facilities.
- CFS will provide support to AMPW in order to complete a qualitative and quantitative analysis determining if City staff or contracted staff should complete the facility's custodial services.

Responsible Party: CFS Branch Manager with support from Directors, Supervisors, Facility Foreman, Crew Leaders, and appropriate AMPW staff.

Planned Implementation: An initial meeting between CFS and AMPW will take place in February 2011.

Implementation will begin immediately to develop systems related to job requests and a sign-in procedure. These systems will be in place by April 2011.

The project proposal for the custodial service analysis will be initiated in March 2011 and recommendations will be in place by January 2012.

Utility consumption data

AMPW receives utility consumption reports for all the facilities; however, they are currently not providing them to the Branch for their information. CFS management is monitoring utility usage at facilities by comparing actual to budgeted expenditures using SAP reports. While this method provides management with usage on a dollar-wise basis, it does not provide the actual units of consumption. Without knowing the actual amount of utility consumption, CFS management will not be able to determine whether an increase in utility expenditures is the result of an increase in consumption or due to fluctuations in utility rates. Having the actual usage amounts would allow CFS to track and compare actual usage and make changes to consumption as required. Further, this information would assist the Branch in determining whether their investments in capital upgrades to energy efficient equipment are achieving the anticipated results.

Recommendation 3

The OCA recommends that the CFS Branch Manager work with AMPW to provide operations staff with actual utility consumption data for each facility on a regular basis to enhance monitoring of utility expenditures.

Management Response

Accepted: CFS will work in collaboration with the AMPW Energy Management Coordinator to make the consumption data for natural gas, power, water and sewer for each facility available to facility operations' leadership staff on a monthly basis. As part of this process, CFS will train staff to interpret utility data, and will establish a tracking system which will monitor utility use and expenses for each facility.

Responsible Party: CFS Branch Manager with support from Leisure Centres Operations Leadership Team and AMPW Energy Management Coordinator.

Planned Implementation: Training for staff and the development of a monitoring and tracking system will occur by November 2011. Provision of consumption data to facilities will begin in December 2011.

Staff training

The staff at each type of CFS facility have different requirements for training. We found that CFS is potentially offering too much training to some staff which is not optimizing its use of training dollars. As well, additional training may be required for other staff to ensure they are effective in completing their jobs. We also found that there is an opportunity to centralize some training to make it more efficient.

At aquatic facilities (leisure centres, outdoor pools, and the Kinsmen Sports Centre), there is potentially too much training provided to some part-time lifeguards. All part-time lifeguards receive the same amount of training regardless of the number of hours they

work or the facility they work in. Currently, CFS allows part-time lifeguards to work a minimum of two hours every 12 weeks to maintain their employment with the Branch. This means some part-time staff may only be coming into work to receive training. Also, depending on the size of the facility they work in, some part-time staff may never work alone; therefore, they may not need the work-alone specific training that is required for staff who work alone.

Arena Attendants may require additional training to ensure they are able to perform their jobs efficiently and effectively. There are many different types of arena users that create different challenges for the Arena Attendants. CFS needs to ensure they receive sufficient training to meet the actual demands of the job, such as working at night and with demanding user groups.

Outdoor pool Facility Foremen may require additional time to train staff working at the outdoor pools. Facility Foremen at outdoor pools are required to work as lifeguards for 32 hours a week. This leaves them with 8 hours a week to provide any training to facility staff, as well as complete administrative tasks, and receive any training they require themselves.

Additionally, for aquatic centres, we found that some training could be centralized, such as fit testing and chlorine bottle changing. This will allow CFS to train more staff at the same time and require training equipment in fewer locations.

Recommendation 4

The OCA recommends that the CFS Branch Manager ensure operations staff training is based on adequate assessments, which consider the unique needs of the facility the employee will be working at.

Management Response

Accepted: CFS will develop a process to assess specific training needs of operations staff with a focus on the employee's job functions and assigned work facility. The process for assessing training needs will build on current practices in place and will consider, but not be limited to, an employee's job duties, corporate policies and directives and industry and legislative standards, coupled with specialized needs of the work site facility, level of onsite supervision, support and resources, and scheduled work hours. Assessments will be completed to address the following positions: Facility Operations Supervisors, Facility Foreman, Team Leaders, Crew Leaders, Lifeguards, Arena Attendants, Labourer IIs and Serviceman.

Responsible Party: CFS Branch Manager with support from CFS Branch Directors and Human Resources.

Panned Implementation: Implementation will begin immediately with completion by December 31, 2011.

Materials management

We found that the facility staff do not have a consistent, systematic process for assessing, ordering, receiving, and tracking materials and material usage at each facility. Some facilities appeared to have strong processes, such as performing inventory checks on a weekly basis to determine material needs and track usage. Others order materials based on a visual inspection of storage rooms. An imprecise manner of inventory management may not identify patterns of waste and/or theft.

Recommendation 5

The OCA recommends that the CFS Branch Manager ensure a process is developed and implemented to systematically assess material needs, how materials are ordered and received, and the tracking of material usage at all facilities.

Management Response

Accepted: CFS will establish a multi-sectional task team to review current materials inventory control systems in use, best practices in materials inventory control systems and conduct cost benefit analysis of available systems. The multi-sectional task team will recommend a consistent materials management process for implementation within CFS.

Responsible Party: CFS Branch Manager with support from a Director “champion” appointed by the Branch and task team representatives appointed by the operating section.

Planned Implementation: Implementation will begin in February 2011 with establishment of the task team. A recommendation report will be provided to the Branch Management Team by November 30, 2011. System implementation will be in place for January 1, 2012.

5.1.2. Efficiency indicators

To determine if CFS is operating community facilities efficiently, we also reviewed two indicators of efficiency that the Branch uses: facility net operating cost per visit and facility cost recovery rate.

Facility net operating cost per visit	=	$\frac{\text{Facility operating cost - facility revenues}}{\text{Facility attendance}}$
Facility cost recovery rate	=	Percent of a facility’s expenses covered by the facility’s revenue

Our analysis focused on the individual facility performance of aquatic facilities and arenas. We did not compare the facilities to each other, as CFS has different expectations for each facility depending on the type of facility, the demographics of the

surrounding areas, and the types of amenities offered by the facility. For example, since seniors pay a reduced rate, an aquatic facility located in a neighbourhood primarily populated with seniors would not expect to have as much revenue as a facility attended primarily by adults. As well, the Branch would expect larger facilities with more amenities like day cares and fitness centres to have lower cost per visits and higher cost recovery rates than smaller facilities. Therefore, we compared each facility's results to its budgeted performance or its past performance, if available.

Our analysis of the individual facility net operating cost per visit and cost recovery rates indicates that CFS has become more efficient in operating facilities over the past five years. Table 4 shows the range of net operating cost per visit and cost recovery rates for 2005, 2008, 2009, and the 2009 budget (where available) for indoor aquatic facilities and arenas. The costs and rates do not include the Branch's administration costs. The ranges do not include facilities that were shut down for significant periods of time. When a facility is shut down for major repairs it affects the operating costs and attendance in the year; therefore, the net operating cost per visit and the cost recovery rate will not be comparable to other years.

Table 4 – Net Operating Cost per Visit and Cost Recovery Rate Ranges¹

(A negative cost/visit indicates the arena made revenue from each visit)

	Cost/Visit Range	Cost Recovery Range
Indoor Aquatic Facilities		
2005	\$1.44 (KSC) to \$6.54 (EG)	25.2% (EG) to 75.5% (KSC)
2008	\$1.72 (MW) to \$7.62 (EG)	27.5% (EG) to 70.6% (MW)
2009	\$1.18 (LD) to \$5.20 (EG)	32.8% (EG) to 79.6% (KSC)
2009 Budget	n/a	28.2% (EG) to 77.2% (KSC)
Arenas		
2005	\$(1.02) (TP) to \$2.71 (CF)	58.8% (CF) to 124.2% (TP)
2008	\$(1.29) (TP) to \$2.18 (CF)	65.8% (CF) to 128.8% (TP)
2009	\$(1.43) (TP) to \$1.07 (LD)	90.0% (LD) to 127.2% (TP)
2009 Budget	n/a	n/a

KSC: Kinsmen Sports Centre; **EG:** Eastglen; **MW:** Mill Woods; **TP:** Tipton; **CF:** Confederation; **LD:** Londonderry

Table 4 shows that overall the range in net operating cost per visit and cost recovery rates are more favourable in 2009 than 2005, 2008, and than the 2009 budget (where available).

Appendix 2 shows the 2009 net operating cost per visit and cost recovery rates for each aquatic facility and arena.

We were unable to compare the net operating cost per visit at each facility to a budgeted cost as CFS does not project attendance at each facility and; therefore, is

¹ The operating expenses used to calculate the net operating cost per visit and the cost recovery rates did not include administration costs, as it is not available on a per facility basis.

unable to set a budget for each facility. We were also unable to compare the cost recovery rate at each arena to a budget as CFS does not project revenue at the facility level for arenas. Setting a budgeted cost recovery rate and net operating cost per visit at each facility gives each facility a specific target to achieve each year. As CFS has different expectations for each facility, having targets for each facility will allow CFS to monitor the performance of each facility, not just the Branch as a whole.

Recommendation 6

The OCA recommends that the CFS Branch Manager ensure targets are developed, tracked, and monitored for net operating cost per visit and cost recovery rates for each facility.

Management Response

Accepted: A facility level attendance target methodology rolled up by facility type was developed in 2010 and incorporated into the 2010 monthly Branch performance measures as a pilot. Cost recovery and net operating cost per visit calculations by facility type are already included in the monthly 2010 facility level performance measures.

The further work is to look at meaningful targets broken down by individual facility (from the facility-group level). Attendance, cost recovery and net operating cost per visit 2011 targets by facility will be approved, implemented and the results will be monitored monthly in conjunction with SAP revenue and expense reporting. The use of targets complements the existing monthly facility level performance measures analysis already in place.

Responsible Party: CFS Branch Manager with support from the Director, Customer Relationship Management Section.

Planned Implementation: Development of cost recovery and cost per visit targets for most facilities will begin immediately and will be rolled out to the Branch by June 1, 2011. Monitoring of actuals will commence with the first 2011 SAP budget results reporting.

5.1.3. Effectiveness indicators

To determine if CFS is operating community facilities effectively we also looked at two indicators of effectiveness: percentage of customers who believe community facilities are well maintained and percentage of customers who believe community facilities are safe and secure. These are indicators of CFS's operational effectiveness as the objective of operational staff is to have well maintained facilities and facilities that are safe and secure.

CFS surveys customers on a quarterly basis. Figures 2 and 3 on the following page are from the overall results for 2007, 2008, and 2009.

Figure 2 – Percentage of Customers Who Believe Community Facilities are Well Maintained

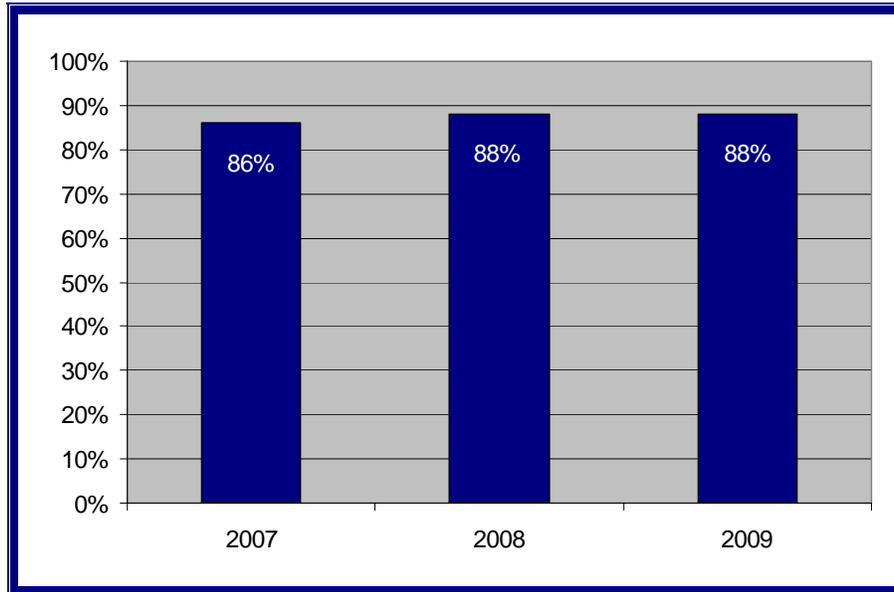
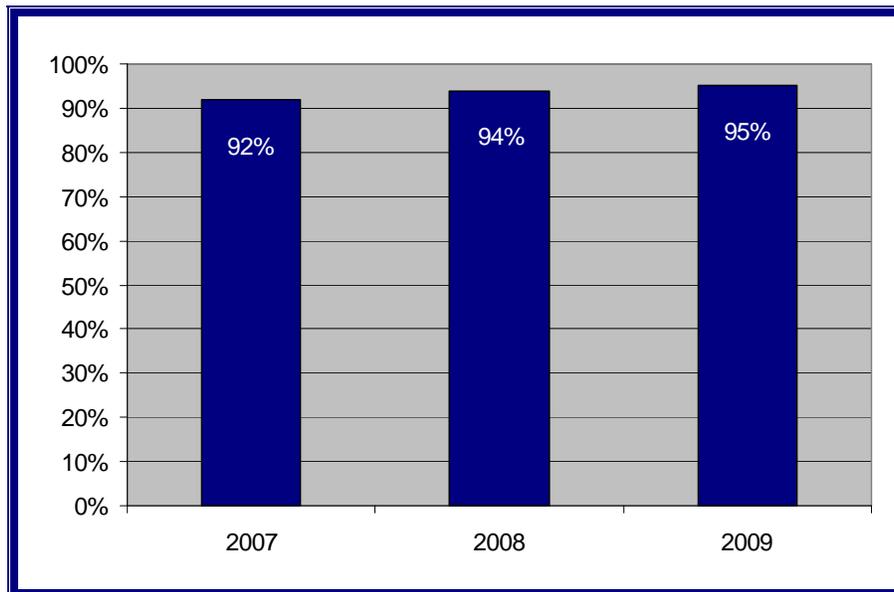


Figure 3 – Percentage of Customers Who Believe Community Facilities are Safe and Secure



Figures 2 and 3 show that CFS customers believe they are safe and secure in community facilities and that they feel facilities are well maintained. The results for both of the survey questions are being maintained at very high satisfaction levels and have slightly increased since 2007 indicating that in the past three years CFS has been effectively operating facilities to ensure that they are well maintained, safe and secure.

5.1.4. Budget process

To determine if CFS has an effective process to prepare facility budgets we reviewed the processes used to prepare budgets for aquatic facilities and arenas and compared the budgeted operating expenditures to the actual operating expenditures for each facility for the past 5 years (where available)².

We found that the process used by operations staff to prepare budgets for each facility is effective. The process generally provides an adequate forecast of the operational costs of each facility. Our analysis found that none of the leisure centres or the Kinsmen Sports Centre had a budget to actual variance that was greater than ± 10 percent in 2009 and that 7 arenas had a budget to actual variance that was greater than ± 10 percent in 2009. However, the variance for arenas as a whole was less than 10%.

Forecasting operational costs for individual arenas is challenging due to the nature of how CFS books arenas. CFS books arenas using a method that ensures efficient use of the facilities and meets the needs and demands of the arena users. For example, depending on the bookings for a particular time or day, CFS may choose to close one arena and redirect the bookings to another facility (consolidating bookings for efficiencies). As well, individual arenas that are not shutdown may have increased operating costs (and corresponding revenues) if they are near a facility that has been shut down. This is because they may accommodate the extra user demand for the shut down arena.

5.2. Performance Measures Evaluation

We assessed the performance measures reported by CFS to determine if they are relevant to the Branch's outcomes, sufficient to demonstrate the achievement of the outcomes, and had identified targets. Our assessment focused on the performance measures and outcomes reported by CFS in the 2011 Budget Overview documents provided to City Council in November 2010. The budget document contained 14 performance measures and their targets, as well as 11 additional benchmarking charts that show fee comparisons of City facilities with other local providers and municipalities. City Council and the public will not be able to determine if CFS is achieving all of its outcomes if it is not reporting performance measures that are relevant to those outcomes and sufficient to demonstrate its progress in achieving them.

Table 5 on the following page shows each of CFS' outcomes and the performance measures relevant to each outcome, as well as our assessment of whether or not the measures are sufficient to demonstrate the achievement of the outcomes.

² We did not compare the budget to actual variance for outdoor pools because they were operated by contractors prior to 2008. Also, when CFS took over the operations of the outdoor pools in 2008 they did not have any budget to allocate to them, other than utility expenses, until 2010. Therefore, the variances would not provide a good indication of the effectiveness of the budget process.

Table 5 – OCA Assessment of CFS Performance Measures

Outcome	Relevant Measures	OCA Assessment
1. Facilities are planned and operated to preserve the environment.	<ul style="list-style-type: none"> • Number of spills/releases • Swimming pool water recycled (water reuse program) 	No
2. Citizens are active and healthy.	<ul style="list-style-type: none"> • Percent of clients with improved health and wellness • Percent of clients with increased skills and knowledge • Number of volunteer hours coordinated • Attendance trends 	Yes
3. Facilities and facility-based programs are safe, affordable, and accessible.	<ul style="list-style-type: none"> • Percent of clients who feel safe in Community Services programs and facilities • Percent of facilities rated good or better in AMPW Infrastructure condition measure • Leisure Access Program (LAP)³ attendance • Percent of Leisure Access Pass cards used • Fee comparison charts 	No
4. Relationships with partner organizations are positive and productive.	No relevant measures exist	No
5. Facilities are well planned and meet community needs.	<ul style="list-style-type: none"> • Client/user overall satisfaction (Branch survey) • Citizen satisfaction (municipal survey) • Citizen's expectations are met • Attendance trends 	Yes
6. Facility infrastructure is sustained.	<ul style="list-style-type: none"> • Percent of facilities rated good or better in AMPW Infrastructure condition measure 	Yes
7. Operations and programs are sustainable.	<ul style="list-style-type: none"> • Client/user overall satisfaction (Branch survey) • Citizen satisfaction (municipal survey) • Number of volunteer hours coordinated • Citizen's expectations are met • Attendance trends • Facility operations cost recovery ratio 	Yes

³ The Leisure Access Program provides low-income Edmontonians with free use of City recreation facilities and attractions and discounts on registered programs.

As shown by Table 5, our assessment indicates that outcomes 1, 3 and 4 do not have sufficient measures to demonstrate the achievement of the outcome.

Outcome 1: Facilities are planned and operated to preserve the environment.

This measure has two components: That facilities are (1) planned and (2) operated to preserve the environment. Currently, the reported number of spills and swimming pool water recycled are not sufficient to account for CFS' various types of operations and measure its contribution towards preserving the environment. CFS should consider a measure that encompasses all the types of facilities it operates, such as showing the achievements of the Branch's ENVISO program. CFS will also need to determine the aspects of facility planning that it can actually control and report on a measure that will show how well it has contributed towards ensuring facilities are planned to preserve the environment.

Outcome 3: Facilities and facility-based programs are safe, affordable, and accessible.

This outcome has three components: Facilities and facility-based programs are (1) safe, (2) affordable, and (3) accessible. We determined that the relevant measures along with the fee comparison charts are sufficient to measure the affordability of attending facilities and programs, but not the safety and accessibility.

Although, CFS measures customer perception of facility and program safety and security, this is not sufficient to measure its achievements regarding the safety of facilities and facility-based programs. CFS should also consider determining the types of safety related incidents it actually has control over and then measuring the number of these incidents as a percent of attendance on an annual basis. This will provide a better indicator of the effectiveness of the Branch in providing safe facilities and programs.

CFS is currently measuring its achievements in helping people with financial barriers to accessibility by assessing the LAP attendance and usage. CFS should also be reporting on its achievements in helping people with other barriers to accessibility such as those with physical, demographic, or cultural requirements.

Outcome 4: Relationships with partner organizations are positive and productive.

CFS does not have a relevant measure for outcome 4. Therefore, sufficient measures are also unavailable to demonstrate the achievement of this outcome. CFS is in the process of developing a survey to assess whether it has positive relationships with its partners; however, it will still need to ensure it also reports on how productive its relationships with its partners are.

Recommendation 7

The OCA recommends that the CFS Branch Manager ensure that the Branch is reporting results to City Council on performance measures that are relevant and sufficient to assess the achievement of all the components of its outcomes.

Management Response

Accepted: CFS will establish performance measures that are relevant to the following Branch outcomes:

- Facilities are planned and operated to preserve the environment.
- Facilities and facility-based programs are safe, affordable, and accessible.
- Relationships with partner organizations are positive and productive.

The performance measures will be sufficient to demonstrate the achievement of the outcome and have identified targets.

Responsible Party: CFS Branch Manager with support from the Director, Customer Relationship Management Section and the Director, Performance Improvement Section, Community Strategies Branch.

Planned Implementation: The review to establish appropriate performance measures will begin immediately and be in place by June 30, 2011. These measures, data collection, and targets will be incorporated into 2011-2013 business and budget planning processes and 2011 year end reporting.

6. Conclusion

The first objective of this audit was to determine if CFS is operating facilities in an efficient and effective manner. To achieve this we interviewed and observed staff working at a sample of aquatic facilities (leisure centres, outdoor pools, and the Kinsmen Sports Centre) and arenas. We also analyzed the results of two indicators of efficiency, two indicators of effectiveness, and the budget process for aquatic facilities and arenas.

Through our interviews and observations of CFS staff, we found that CFS is generally operating facilities efficiently and effectively. However, we have made six recommendations to help enhance the efficiency and effectiveness of operations of these facilities. The recommendations relate to: (1) improving communication between Branch sections, (2) working with AMPW to improve the process used to ensure facilities are well maintained and (3) provide operations staff with actual utility consumption data, (4) assessing staff training requirements, and (5) developing a systematic process to assess, order, receive, and track material needs.

Our analysis of the two indicators of efficiency: facility net operating cost per visit and facility cost recovery rates found that CFS has been operating facilities efficiently.

However, CFS does not have budgeted net operating costs per visit for each facility or the budgeted cost recovery rates for each arena. As CFS has different expectations for each facility, our sixth recommendation is for it to set budgets for each facility to allow it to monitor the performance of each facility, not just the Branch as a whole.

Our analysis of the two indicators of effectiveness: percentage of customers who feel community facilities are well maintained and percentage of customers who feel community facilities are safe and secure, found that CFS is operating facilities effectively to ensure they are well maintained, safe, and secure. We compared 2009 results to the results from 2008 and 2007 and found that CFS has been maintaining very high satisfaction levels for both measures.

Finally, our review of the budget process indicated that CFS is effectively preparing budgets for each facility that adequately forecast the facility's operational costs.

The second objective of this audit was to determine if CFS has relevant and sufficient performance measures to demonstrate the achievement of the Branch's objectives. We found that CFS has performance measures that are relevant to its objectives, but that they are not sufficient to demonstrate the achievement of all the components of the objectives. City Council and the public will not be able to determine CFS' progress in achieving its objectives unless it reports indicators that are sufficient to demonstrate the achievement of each objective.

We would like to thank the management and staff of CFS for their cooperation and assistance during this audit.

Appendix 1 – List of Facilities

City Facilities		Partner Facilities
<p>Attractions</p> <ul style="list-style-type: none"> Valley Zoo John Janzen Nature Centre John Walter Museum Muttart Conservatory Heritage Amphitheatre Prince of Wales Armouries Heritage Centre <p>Sports Centres</p> <ul style="list-style-type: none"> Commonwealth Stadium and Fitness Centre / Joe Clarke Athletic Grounds / North Central Community Recreation Centre Kinsmen Sports Centre St. Francis Xavier Sports Centre <p>Community Leisure Centres – indoor aquatic, fitness and recreation centres</p> <ul style="list-style-type: none"> ACT Aquatic and Recreation Centre Bonnie Doon Leisure Centre Confederation Leisure Centre Eastglen Leisure Centre Grand Trunk Fitness and Leisure Centre Hardisty Fitness and Leisure Centre Jasper Place Fitness and Leisure Centre Londonderry Fitness and Leisure Centre Mill Woods Recreation Centre O’Leary Fitness and Leisure Centre Peter Hemingway Fitness and Leisure Centre Terwillegar Community Recreation Centre <p>Municipal Cemeteries</p> <ul style="list-style-type: none"> Beechmount Cemetery Clover Bar Cemetery Edmonton Cemetery Little Mountain Cemetery Mount Pleasant Cemetery Northern Lights Cemetery South Haven Cemetery Traditional Burial Grounds 	<p>Seniors Centres</p> <ul style="list-style-type: none"> Central Lions Senior Citizens Recreation Centre Northgate Lions Senior Citizens Recreation Centre <p>Outdoor Swimming Pools</p> <ul style="list-style-type: none"> Borden Park Fred Broadstock Mill Creek Oliver Queen Elizabeth <p>Municipal Golf Courses & Driving Ranges</p> <ul style="list-style-type: none"> Riverside Golf Course Rundle Golf Course Victoria Golf Course and Driving Range <p>Municipal Arenas</p> <ul style="list-style-type: none"> Bill Hunter Arena Callingwood Arena (Twin Pad) Castledowns Arena (Twin Pad) Clareview Arena (Twin Pad) Confederation Arena Coronation Arena Crestwood Arena Donnan Arena George S. Hughes South Side Arena Glengarry Arena Grand Trunk Arena Kenilworth Arena Londonderry Arena Michael Cameron Arena Mill Woods Arena (Twin Pad) Oliver Arena Russ Barnes Arena Tipton Arena Westwood Arena Terwillegar Arena (Four Pad) <p>Other</p> <ul style="list-style-type: none"> City Archives City Arts Centre City Artifacts Centre Jasper Place Annex 	<ul style="list-style-type: none"> Castle Downs YMCA Jamie Platz YMCA William Lutsky YMCA Don Wheaton Family YMCA Scona Pool Kinsmen Twin Arena Edmonton Soccer Centre West Edmonton Soccer Centre East Edmonton Soccer Centre South Edmonton Soccer Association Complex at Henry Singer Park Argyll Velodrome Whitemud Equine Centre Snow Valley Ski Club Edmonton Ski Club Mill Woods Golf Course Kinsmen Pitch and Putt Telus World of Science Edmonton BMX Track Multi-Sport Tournament and Recreation Site Edmonton Rowing Club Fort Edmonton Park GO Centre

Appendix 2 – 2009 Facility Net Operating Cost per Visit and Cost Recovery Rates

“SD” indicates that the facility was shut down for a significant period of time during the year

Facility ⁴	2009 Cost/ Visit ⁵	2009 Cost Recovery
ACT Recreation Center	\$4.15	44.6%
Bonnie Doon Leisure Center	2.95	49.2
Confederation Leisure Center	2.46	56.2
Eastglen Leisure Center	5.20	32.8
Grand Trunk Leisure Center	SD	SD
Hardisty Leisure Center	2.40	55.4
Jasper Place Leisure Center	2.78	54.0
Londonderry Fitness & Leisure Center	1.18	71.5
Mill Woods Recreation Center	1.26	75.8
O’Leary Leisure Center	2.03	55.7
Peter Hemingway Fitness & Leisure Center	1.19	72.5
All Leisure Centres	\$2.10	60.0%
Borden Park Outdoor Pool	4.69	34.9
Fred Broadstock Outdoor Pool	SD	SD
Mill Creek Outdoor Pool	1.12	74.4
Oliver Outdoor Pool	2.01	56.3
Queen Elizabeth Outdoor Pool	SD	SD
All Outdoor Pools	\$2.02	59.5%
Kinsmen Sports Centre	\$1.36	79.6%
Bill Hunter Arena	SD	SD
Cameron	(0.14)	102.6
Callingwood Twin	SD	SD
Castledowns Twin	(0.52)	112.3
Clareview Twin	0.19	95.8
Confederation	0.55	90.2
Coronation	(0.13)	102.4
Crestwood	(0.67)	116.7
Donnan	0.19	96.2
Glengarry	(1.00)	119.7
Grand Trunk	(0.29)	105.8
Kenilworth	(0.70)	115.0
Londonderry	1.07	79.4
Mill Woods Twin	(0.61)	113.0
Oliver	0.02	99.5
Russ Barnes	(0.05)	100.9
George S. Hughes	0.46	90.0
Tipton	(1.43)	127.2
Westwood	(0.68)	113.5
All Arenas	(0.19)	103.7

⁴ Scona Pool and the Kinsmen Twin Arenas are not included in the above table because they are operated by contractors.

⁵ The cost/visit and the cost recovery rates do not include Branch administration costs or facility maintenance costs.