

COMMON COUNCIL REPORT

M&C No.	2022-238
Report Date	July 06, 2022
Meeting Date	July 11, 2022
Service Area	Growth and Community Services

Her Worship Mayor Donna Noade Reardon and Members of Common Council

SUBJECT: Arena Ice Rental Rates for 2022-2023 Season

AUTHORIZATION

Primary Author	Commissioner/Dept. Head	City Manager
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RECOMMENDATION

Your City Manager recommends Common Council:

1. Approve freezing of the 2022-2023 arena ice rental rates, as presented in Table 2 of M&C 2022-238.

EXECUTIVE SUMMARY

Sport and Recreation programming is an important priority for the City of Saint John, which contributes to the City's quality-of-life offerings and broader value-proposition. Common Council approved Recreation Subsidization Policies (Attachment 'A') on December 16, 2019. An incremental approach for the implementation of those policies for arena ice rates was then outlined in M&C Report 2020-188 (Attachment 'B') to Common Council on August 4, 2020.

Full implementation of the policy was achieved for the 2021-2022 arena ice season. The City is required to set rates each year, and staff is recommending to freeze arena rates for the 2022-2023 season.

PREVIOUS RESOLUTION

December 16, 2019: RESOLVED that as recommended by the City Manager in the submitted report M&C 2019-332: Recreation Subsidization Policies - Sustainability Item, Common Council endorse the Recreation Subsidization Policies as described in M&C 2019-332.

REPORT

Background – An Incremental Approach to Recreation Subsidization Policy

Common Council approved Recreation Subsidization Policies on December 16, 2019, which brought a new vision for cost recovery in the usage of City-owned recreational facilities. The policies highlight the goal of achieving a new balance between individual user fees and taxpayer investment in the delivery of recreational services, while also reflecting appropriate cost-recovery percentages for various user categories. For example, Play SJ recommends that youth recreational participation should be prioritized; therefore, the Policies indicate only 60% of costs should be recovered for that category of users.

The longer-term objective is to offer reliable, consistent, and high-quality recreational facilities to citizens and user groups. The Policies were discussed at a consultation session City staff held on January 16, 2020, with sports facility user groups. Some groups expressed concerns that the resulting rental rates would be unaffordable to their organization and membership. City staff heard those concerns and recommended an incremental approach to implementation over a two-year timeframe.

The incremental approach to implementation allowed more time for user groups to adjust to the rates associated with the new policies. A partial implementation of the Recreation Subsidization Policies was reflected in the approved ice rates for the 2020-2021 season and full implementation was achieved in the 2021-2022 season. After full implementation, the cost recovery targets within the policy need to be maintained. Updating rates each season ensure that consistency in cost recovery as laid out in the Recreation Subsidization Policy is achieved.

It should be noted that the City of Saint John continues to support the P.R.O. Kids program, which offers financial support to youth in need. This program aims to ensure all youth in Greater Saint John can participate in positive recreation opportunities, regardless of potential financial barriers.

Cost-Recovery Calculation Methodology

Hours of ice usage by each user category is a significant input used in the calculation of cost-recovery for the determination of arena ice rates.

To provide the best estimate for hours of ice usage and avoid artificially low numbers related to anomalies related to pandemic shutdown periods, last

seasons' (2021-2022) weekly hours booked were multiplied out by 24 weeks to calculate season totals. It should be noted that tournaments and birthday party bookings were also impacted the last two seasons due to the aforementioned anomalies; therefore, actuals from the 2018-2019 season were used for those inputs. Staff note that the last regular season of ice sport which had no play interruptions was 2018. Since then, the customer groups using the city operated arenas have changed. Leagues and teams have terminated. Staff feel that using the estimated booking stats from 2020-2021 would be most accurate.

The overall annual operating costs associated with arena ice have remained stable from 2021 to 2022. Increases in cost-recovery percentages associated with the full implementation of the Recreation Subsidization Policies are largely mitigated by savings from initiatives related to continuous improvement and the City's overall Sustainability Plan. Examples of such initiatives include shift optimization, changes in arena operation hours and cost savings related to wages, as well as the rightsizing of recreation facilities recommended in PlaySJ.

It should be noted that the City will still be investing over \$1.3 million in operating costs for the three (3) City-operated arenas in 2022:

1. Stewart Hurley Arena
2. Peter Murray Arena
3. Charles Gorman Arena

Approximately \$700,000.00 is anticipated in revenues from arena ice rentals should the recommended rates be approved by Council. This will result in an anticipated municipal subsidization of approximately \$514,000 for the three (3) City-operated arenas.

In addition, the City provides the Lord Beaverbrook Rink with approximately \$160,000 in annual subsidies. Investment into recreational facilities remains significantly higher than the projected revenues yielded from user fees.

Recommended Arena Ice Rates

Staff are recommending that the ice rates be frozen from the 2020-2021 season and carried forward to the 2022-2023 season. City staff recognize that the last two ice seasons have been challenging for user groups. During the pandemic leagues and teams have folded. Freezing the arena rates will potentially allow groups the chance to rebound and encourage leagues and teams to reestablish. By freezing the rates, it will give city staff the opportunity to evaluate the

Recreation Subsidization policy as directed by Council. With the evaluation in 2023 making any changes to the rates may be premature depending on staff's findings after the review. With freezing of rates and using the 2021-2022 booking data staff estimate \$54,202.23 in lost revenue by not following the recreation subsidization policy fully.

The following table displays the proposed hourly arena ice rates for the ice 2022-2023 season

Table 2:
Approved Ice Arena Rates 2020-2021

	Youth / Schools / Tournaments (+ HST)	Seniors (+ HST)	Adults (+ HST)	For-Profit (+ HST)
Early Morning	\$115.00	\$150.00	\$150.00	\$293.00
Pre-Prime	\$120.00	\$183.00	\$222.00	\$293.00
Prime Time	\$178.00	\$192.00	\$266.00	\$293.00
Post-Prime	\$122.00	\$155.00	\$224.00	\$293.00

For reference purposes, the following table displays the full implementation of the Recreation Publication Policy for the ice 2022-2023 season (which are not being recommended):

Table 3: Full Implementation

	Youth / Schools / Tournaments (+ HST)	Seniors (+ HST)	Adults (+ HST)	For-Profit (+ HST)
Early Morning	\$115.00	\$150.00	\$150.00	\$319.60
Pre-Prime	\$120.00	\$183.00	\$222.00	\$319.60
Prime Time	\$191.76	\$223.72	\$287.64	\$319.60
Post-Prime	\$122.00	\$155.00	\$224.00	\$319.60

Mitigating Financial Impacts to User Groups

Examples of ways user groups can pursue cost-mitigation opportunities include:

- **Seeking sponsorship** – Some user groups already offset a portion of their costs with sponsorship funding. Opportunities to increase sponsorship could and should be explored.

- **Increasing registration fees** – User groups may increase participation or require their participants to pay higher program registration fees to cover the increased facility rates.

Ice Time Allocation and Management Policy

Staff reviewed the Ice Time Allocation and Management Policy and are not recommending any changes or updates at this time.

STRATEGIC ALIGNMENT

This report aligns with the following Council priorities: Vibrant, Safe City; Valued Service Delivery; and Fiscally Responsible.

SERVICE AND FINANCIAL OUTCOMES

Revenues associated with arena ice rentals are projected to be **\$700,000** for the 2023-2023 season. The operating budget for City-operated arenas in 2022 is **\$1,319,299** with the portion attributable specifically to the offering of arena ice being **\$1,214,679.46**. The remainder of that operating budget is attributable to the offering of arena floor rentals.

INPUT FROM OTHER SERVICE AREAS AND STAKEHOLDERS

The City of Saint John Public Works and Transportation Department has provided input for this report.

ATTACHMENTS

Attachment 'A' – Recreation Subsidization Policies Details

Attachment 'B' – M&C 2020-188: 2020-2021 Arena Ice Rental Rates, Flash Sales, and Allocation Policy