Recommendation

That the report of the Manager of Recreation Services regarding the Arena Operational Deficits at the Ennismore and Lakefield Arenas be received for information; and

That the Township reach out again to the Ontario Minor Hockey Association (OMHA), Ontario Hockey Federation (OHF) and the Ontario Women’s Hockey Association (OWHA) to urge later season starts to assist with arena operational deficits and to the local associations, Ennismore Minor Hockey Association (EMHA), Lakefield District Minor Hockey Association LDMHA and Ennismore Girls Hockey Association (EGHA), requesting their support of the same; and

That rental rates at the facilities be increased annually in accordance with the Ontario Consumer Price Index (all-items) in order to keep pace with typical inflationary cost increases; and

That staff consult with other users of the REAL ICE system to identify and implement any operational adjustments that will improve the effectiveness of the system and further reduce energy costs; and

That staff enter discussions with the Lakefield Chiefs to explore the potential for an agreement to help offset some of the costs associated specifically with their team operations; and

That, as part of the 2020 budget, staff bring forward a plan to provide for an increased tax contribution to the arena operations to cover the costs of insurance and required expenses related to elevators.

Information

In 2016, the Save our Arenas Committee (SOAC) was established to review the rising costs of arena operations, opportunities for reducing arena operating deficits and the issue of capital improvements required for these aging facilities which were largely constructed in the 1970’s and 1980’s and are nearing their useful life cycle. According to the members of the Save our Arenas Committee, all Ontario municipal arenas run at a deficit, with the single pad facilities in small communities being especially hard hit.
The SOAC continues to meet and to communicate with the provincial minor hockey groups and the Provincial government to seek changes to the minor hockey season scheduling and for the province to create a program that will invest in the aging municipal arena facilities. Fortunately, the Township of Selwyn has received tremendous support from the community and Provincial and Federal funding programs to help ensure the Selwyn arenas were upgraded and are operating efficiently.

In 2019, a survey was completed of the local County of Peterborough municipalities about their arena operating deficits and any subsidies given to youth ice rink user groups. The survey showed that all of the arenas within the County and City of Peterborough subsidize minor sports by offering a minor sports’ rental rate that is on average 15-20% cheaper than the prime time adult rate. The survey also confirmed that all facilities in the Peterborough area ran at a deficit funded through taxation. Nearly all of these deficits are greater than those at the Selwyn arenas.

The arena deficits for the Selwyn arenas have been reduced each season since 2014 as shown on Attachment 1 and summarized below:

- Ennismore going from $109,155 in 2014 to $57,117 in 2018, and
- Lakefield going from $89,106 in 2014 to $50,823 in 2018.

The estimated deficit for 2019 at this point in time is $62,109 for Ennismore and $38,779 for Lakefield. Ennismore was impacted by a significant unexpected expense (approximately $10,000) in 2019 related to the septic system.

The reduction of the operating deficits at each of the arenas over this time period is largely due to:

- Improved staff scheduling and utilization,
- Increased rentals during ice and non-ice season, ie. Ball hockey, lacrosse, etc.
- Increased morning and day-time ice rentals,
- Increased advertising revenues,
- Increased public skate sponsorships,
- Increased summer floor rentals, ie. trade shows, craft sales, community events,
- Capital investments leading to decreased energy expenses (LED install, Real Ice system install, equipment replacement), and
- Other operating efficiencies eg. re-tendering supplier agreements.

The OMHA (Ontario Minor Hockey Association) season runs from early September for try-outs and first practices with league games and tournaments starting in October. The OMHA playoffs begin in early January seasonally and teams get eliminated each round. This results in significant amounts of unused prime time ice from mid-January to March. This ice time is very difficult to fill since many minor teams are done for the season and since other rental groups already have established ice times and don’t require more.
The OWHA (Ontario Women’s Hockey Association) teams begin their league play in mid to late October and continue playoffs until at least mid to end of February. The scheduling for the OWHA leagues is much more conducive to the winter operations of a hockey arena by starting their season after the hot, summer weather is largely over and continuing on in the actual winter season. The October season start time also eliminates the requirement for maintaining the ice in the early autumn while Recreation staff are still performing many of the parks related season ending duties ie.; leaf cleanup, winterizing park washrooms, grass cutting, eave cleanout, etc..

The deficit at each of the arenas is greatly affected by the number of local Ennismore Minor Hockey Association (EMHA) and Lakefield District Minor Hockey Association (LDMHA) teams that have short OMHA play-off runs. The Ennismore Girls Hockey Association (EGHA) who start their competitive season in October and begins playoffs in mid to late February create much less unused ice in the spring.

The Township has formally requested the OMHA and the OWHA to consider a later start to the season to better align with the typical fall/winter season. This change would be a significant help to lower operational costs. While we have had some support expressed from other municipalities for this request, there has been no action taken by the Associations. It is recommended that the Township reach out to the Provincial Associations again requesting their consideration of this change and to the local Associations (EMHA, LDMHA, EGHA) asking for their support with respect to this matter.

Attachment 2 shows the 2019 ice rates for facilities in the County/City of Peterborough and the City of Kawartha Lakes. Currently, the Township ice rates are similar to the City of Peterborough and just slightly lower that the Lindsay Twin Pad in Kawartha Lakes. The rates at all other local arenas are lower than the Selwyn rates.

Prime time ice is considered to be all hours between 5pm – 11pm during the week and all hours between 8am – 11pm on weekends. This inventory of ice is typically rented at over 95% occupancy from the opening of the season (early to mid-September) until the end of the minor hockey regular season in mid-January. Non-prime time ice rates apply for bookings from 6am – 8am and 3pm – 5pm weekdays and before 8am and after 11pm on weekends. In 2017, the Township of Selwyn also established a day rate between 9am and 3pm on weekdays to increase school usage and to encourage day and senior leagues/tournaments to operate out of our facilities.

Minor sports are using approximately 80% of the prime time ice at the Ennismore Arena in 2019. Ennismore has 25 teams in their EMHA organization and 8 teams in their EGHA organizations. Minor sports are using approximately 66% of the prime time ice at the Lakefield Arena in 2019. Lakefield has 12 teams in their LDMHA organization. Lakefield also has 170 youth skaters in the Lakefield Skating Club (LSC). Many of the Ennismore teams from both organizations also book ice time at the Lakefield Arena.
While increasing the rental rates significantly to reduce the deficits at the arenas is an option, it is not one that staff would recommend. To entirely eliminate the deficit a prime-time adult rate of $275.00 (an increase of 38%) and a prime-time minor rate of $250.00 (an increase of 44%) would have to be adopted. Such an increase would have a dramatic impact on our user groups and is very likely to result in a significant reduction in rentals therefore not having the desired effect. While staff would recommend a regular increase of rates in accordance with the Consumer Price Index (CPI) in order to keep up with inflationary increases, increases beyond this rate are not considered a viable option due to the expected impact on rentals.

The other major user group that has a significant effect on the Lakefield arena operations is the Lakefield Chiefs. While the Ennismore arena closes each season by the end of March, Lakefield arena stays open until the Junior C Lakefield Chiefs are eliminated from playoffs. The Lakefield arena may be required to maintain its ice until as late as the start of May. The operating costs in the spring months are again very high and the rental occupancy percentages are very low. This situation contributes to the deficit for any season the Lakefield Chiefs are successful in the Junior C playoffs for the Schmalz Cup. There are examples in other areas where teams with dedicated dressing room space contribute toward the operating expenses related to the space and additional game day staffing requirements. It is recommended that staff enter discussions with the Lakefield Chiefs to discuss the potential for an agreement to help offset some of the costs associated specifically with their team operations.

The Township has made significant investments in a number of capital improvements to provide for energy savings at the arenas and this has had a significant positive impact on expenses incurred at the arenas. The REAL ICE system is an example of such an investment. While it has resulted in savings, it is felt that additional savings could be achieved through further operational adjustments to maximize the effectiveness of the system. There are other arenas that have been utilizing the system for several years and it is recommended that staff consult with those to identify and implement additional operational procedures to maximize the benefit of this system.

Through this review, staff have also identified a number of expenses that are incurred at the arenas that cannot be impacted through operations, specifically insurance and the legislated requirements related to the elevators in the buildings. Staff would recommend that Council consider increasing the tax contribution to both facilities to cover these costs. This would require a tax levy of approximately $46,000. This would be in addition to the existing levy of approximately $65,742 to subsidize the minor sports rate and the $20,000 capital contribution for replacement of the ice resurfacers. As part of the 2020 budget staff would recommend how this levy would be implemented, e.g. all in one year or through a phase-in over a number of years.

As always, staff will continue with all efforts to ensure the level of the deficits is minimized such as:
• Identify additional energy savings opportunities;
• Actively marketing the facilities for both ice and off-season rentals:
• Ensuring effective utilization of staffing resources;
• Maximize profitability of canteen and consider the potential to outsource this operation:
• Increase advertising and sponsorship opportunities and actively market these opportunities;
• Decrease energy usage and continue to find operating efficiencies.

Financial Impact

While many of the efforts outlined above will help to reduce the annual deficits for these operations in a reasonable way, they will not be sufficient to entirely eliminate the deficits. The level of the deficits will continue to be relative to the seasonal impacts, success of teams each year, off-season rentals, increased operational items, etc. Deficits would continue to be funded through a transfer from OMPF while it remains a source of revenue.

Environmental Impact

The installation of LED lighting at both arenas along with the Real Ice systems have greatly reduced the electrical usage and reduced the natural gas usage for both arenas thus reducing the carbon footprint at each site. Purchasing electric edgers has saved operating costs, decreased emissions and decreased the environmental impact of the arena operations. Improved waste handling at the arenas have helped reduce the waste going to the local landfill and increased diversion.

Attachments

• Arena Deficit History
• Rate Comparison

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