

Rental Rates for Indoor Arenas – October 1, 2019 to September 30, 2021

The purpose of this report is to recommend that there be no rental rate increases for indoor arenas for the period of October 1, 2019, to September 30, 2021. The current rental rates and projected budgets will continue to achieve a 100% cost recovery rate net of Civic Buildings Comprehensive Maintenance reserve (Building Reserve) contribution costs.

Background

The Recreation and Community Development Division operates five indoor arenas (ACT, Archibald, Cosmo, Gordie Howe Kinsmen, and Lions), that consist of six ice surfaces. The arenas accommodate various local indoor ice activities, dry rental activities, and special events.

In 2008, City Council approved that the annual contribution to the Building Reserve be excluded from cost recovery calculations for indoor arenas. By excluding the Building Reserve costs from the rental rate calculation, it was possible to achieve market comparability on ice rental rates and obtain a cost recovery of 100% for the City's five indoor arenas. The recoverable costs associated with the rental rates for indoor arenas include staffing and payroll, administration, preventative maintenance, utilities, building and equipment maintenance, fuel, and contribution to the Capital Reserve for Equipment Replacement.

Report

Recommendation

The current rental rates and budgeted volumes are projected to be sufficient to offset annual operating costs and contributions to the Capital Reserve for Equipment Replacement; therefore, the Administration is not recommending an increase in rates.

Indoor Arena Ice Rental Rates for 2019 to 2021

Table 1 illustrates the approved 2018/2019 ice rental rates and proposed 2019 to 2021 rates, beginning October 1, 2019, and concluding September 30, 2021.

Table 1

Recommended Rates (excluding GST)	2018/2019 Season (Current)	2019/2020 Season	2020/2021 Season
Prime-Time	\$275	\$275	\$275
Non-Prime Time	\$170	\$170	\$170
Summer Ice (May 1- August 31)	\$170	\$170	\$170

In 2016, the Administration conducted a review of the local market summer ice rates. As a result, the Administration received approval from the General Manager of Community Services to establish a summer ice rate at the non-prime rate, for a trial period. The summer program was financially successful and well-received by patrons. The proposed summer ice rate, equal to the non-prime rate, is outlined in Table 1.

Dry Arena Hourly Rental Rates

The Administration has established a dry indoor rental rate that is used for arenas after the ice has been removed. The proposed dry arena hourly rental rate is outlined in Table 2.

Table 2

Rental Rate (excluding GST)	2018 (Current)	2019	2020
Dry Hourly Rental Rate	\$72	\$72	\$72

Dry Daily Rental Rate

Several user groups, primarily Lacrosse and Ball Hockey, rent the indoor arenas for the entire day after the ice is removed. As a result, a maximum per diem rental rate, equal to the average rental revenue per day, is achieved when an arena is booked for a consecutive nine-hour period. The proposed off-season arena daily rental rate is outlined in Table 3.

Table 3

Rental Rate (excluding GST)	2018 (Current)	2019	2020
Dry Daily Rental Rate	\$648	\$648	\$648

Public Skating Rates

Public skating rates provide general admission into the indoor arenas during designated times throughout the season.

The current and proposed public skating admission rates, for the indoor arenas to September 30, 2021, are outlined in Table 4.

Table 4

Public Skating Rates (including GST)	2018/2019	2019/2020	2020/2021
Adults	\$ 5.75	\$ 5.75	\$ 5.75
Youth	\$ 3.75	\$ 3.75	\$ 3.75
Family	\$11.50	\$11.50	\$11.50
5 and Under	No Charge	No Charge	No Charge

Financial Implications

Table 5 illustrates the 2018 to 2020 projected revenues and expenses by utilizing the recommended rates and resulting projected cost recovery. Using the budgeted numbers for 2019 to 2021 revenues, projected annual increases for operating costs and annual contribution to the Capital Reserve for Equipment Replacement of \$62,500:

Table 5

	2018 Budget	2019 Projected	2020 Projected
Revenues	\$2,273,400	\$ 2,342,200	\$ 2,342,200
Operating Expenses*	\$2,127,600	\$ 2,259,900	\$ 2,306,700
Net Contribution	\$ 145,800	\$ 82,300	\$ 35,500
Recovery Rate	106.9%	103.6%	101.5%
Comprehensive Building Maintenance Reserve Contribution*	\$ 373,100	\$ 392,700	\$ 392,700

*Operating Expenses do not include Building Reserve contributions.

Based on volume projections, the proposed rates identified in this report are sufficient to maintain indoor arena operations through to September 30, 2021, and obtain a cost recovery of 100%, or greater, of the operating expenses less the Building Reserve contributions. The rates proposed continue to support indoor arenas as affordable and accessible.

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