City of Richmond

Report to Council

To:	Richmond City Council	**Date:**	January 4th, 2007
From:	Councillor Bill McNulty Chair, Parks, Recreation & Cultural Services Committee	**File:**	11-7025-04-- INBOX/Vol 01
Re:	**RICHMOND ARENAS COMMUNITY ASSOCIATION**		

The Parks, Recreation & Cultural Services Committee, at its meeting held on November 28th, 2006, considered the attached submission, and recommends as follows:

Committee Recommendation

(1) That the Richmond Arenas Community Association submission (made to the Parks, Recreation & Cultural Services Committee on Tuesday, November 28th, 2006), be forwarded to staff for analysis and that they report to the Committee on:

(a) the lease charge for the Richmond Ice Centre in the City's arenas budget, and the idea of charging it instead of the City's capital budget;

(b) the feasibility of freezing the operating fee which the RACA pays to the City; and

(2) That staff undertake a business case analysis regarding the idea of the City purchasing the Richmond Ice Centre facility.

Councillor Bill McNulty, Chair
Parks, Recreation & Cultural Services Committee

Attach.

SCHEDULE 1 TO THE MINUTES OF THE PARKS, RECREATION AND CULTURAL SERVICES COMMITTEE MEETING OF TUESDAY, NOVEMBER 28, 2006.

Submission to

The City of Richmond
Parks, Recreation and Cultural Services Committee

Councillors Bill McNulty, Harold Steves, Linda Barnes, Cynthia Chen, Derek Dang, Evelina Halsey-Brandt, Sue Halsey-Brandt,

by the

Richmond Arenas Community Association
Frank Claassen, Chair
Crichy Clarke, Treasurer

November 28, 2006

Introduction

Last year, we made a comprehensive submission to this committee. It consisted of many topics and was some 50 pages in length. This year we wish to discuss three issues in greater detail.

We have been told that the City of Richmond is currently spending more on recreational facilities than any other community in the country. Considering the size and scope of the oval project, this is no doubt true. Our organization is in the business of providing recreational services in the arena facilities we manage. We are grateful that the oval will add to the capacity that we and other groups can use to provide recreational opportunities to our community.

1. Operations

In last year's presentation we provided comprehensive operational data. Results for 2006, both financial and program-wise have remained similar to that of the previous year. Revenues rose, as a result of increased rates charged our users and because of additional use of arenas in non-prime time. As we reported last year, the arenas are fully utilized and our ability to increase revenues in the future will be driven by price increases and not through greater use by the public. We will forego a detailed analysis on this point this year.

Summarized financial results:

	2006	2005	2004	2003
Revenues	3,436,245	3,333,565	3,267,444	3,019,700
Expenses	1,131,988	1,123,608	1,120,385	1,038,387
Income Before Payment to City	2,304,257	2,209,957	2,147,059	1,981,313
Payment to City:				
Negotiated per agreement	2,184,000	2,021,000	1,937,500	1,867,498
Profit sharing dividend	50,129	84,479	94,780	46,907
Total Payment	2,234,129	2,105,479	2,032,280	1,914,405
Payment Growth	6.11%	3.60%	6.16%	
City Arena's Budget				
Total	4,623,400	4,490,300	4,122,200	3,907,700
Adjustment for Lease and Property Taxes	-1,849,100	-1,830,900	-1,681,600	-1,552,000
Adjusted budget	2,774,300	2,659,400	2,440,600	2,355,700
RACA contribution to Adjusted City Budget	80.53%	79.17%	83.27%	81.27%

The City has mandated that fees for services should increase each year. It has also mandated that we return to the City an ever-growing portion that the City offsets against its arena budget. To achieve this result RACA must approve program and rental rate increases. These rate increases have led to significant gains for the city's pocket book, but sadly, these rate increases are making ice sports possible for the only the wealthy segment of our society. Hockey, our national sport, the sport Canadians are more passionate about than any other, is now barely affordable for the average family and just plain too expensive for far too many.

In our opinion, the city exacerbates this situation by asking arena users to pay a greater share of departmental costs than it asks of other sports. For example, the fair market value rent for the Richmond Ice Centre building and land and, for that matter, the property taxes are included in the costs that arena users are expected to cover. This is a far different arrangement than the city has with field users. We don't think that the users of the new artificial turf field at Hugh Boyd are being asked to cover the rental value of the turf and the land or the property taxes. Additionally, the new users fees are being paid into a capital fund that is earmarked for future facility development, whereas the fees paid by arena users go to supplement the operating budget. We want this Committee to acknowledge this fact and help us do something about it.

We ask this committee to recommend to Richmond City Council the following:

1. Remove the lease charge for the Richmond Ice Centre from the city's arenas budget and charge it instead to its capital budget. The lease of this facility is more accurately reflected as a city capital expenditure, as it would be if the facility had been purchased.

2. Freeze the operating fee that RACA pays the city to subsidize operating costs to the amount paid for 2006 for the next five years.

3. Establish an Arena Facilities Fund that would accumulate any payments that RACA makes over and above the operating subsidy amount. This would include the annual profit share that is part of our current operating agreement.

These three recommendations will put arena users on a financial footing that is closer to the arrangement recently made with field users. It will allow for the accumulation of seed money for future arena development and, most importantly, it will show the community that the city is serious about arena users.

2. Facilities

Last year's presentation resulted in city council passing five resolutions related to RACA at its meeting on April 16, 2006. Items one to three are relevant to this topic and four and five are discussed later.

Item 16(1): *That the 2005 -2015 Parks, Recreation and Cultural Services Master Plan include a reference that there are no plans to replace or eliminate Minoru Arenas in the next decade.*

Item 16(2): *That the current schematic for the Minoru Park Vision be modified to include the Minoru Arenas facility.*

Item 16(3) *That RACA be advised of the approved amendments to the 2005-2015 Parks, Recreation and Cultural Services Master Plan that includes consideration of RACA's submission and feedback.*

One goal of the Arenas Association is to ensure that the city has a long-term plan for arena development. The arenas are currently 100% utilized. This fact is undisputable. More arenas are needed.

The last arena expansion was at the Richmond Ice Centre when two sheets were added in 1996. We have been operating with current compliment of eight sheets of ice since then. As it is now planned, the oval will contain two Olympic sized ice rinks. We assume that a large portion of this new capacity will be taken up by new high performance users to ensure that the city can maximize the legacy funding. Although we are guessing at this time, we estimate that only one sheet will be available to accommodate growing community needs. For the next three and one half years we will be squeezed into the current capacity. Arena user growth statistics will be flat for this period. There is no more room for anyone.

At present, the status of our arena facilities are as follows:

Olympic Oval	1 sheets	coming on stream for the fall of 2010 season for community use
Minoru Arenas	2 sheets	planned decommission in 2016 due to obsolescence
Richmond Ice Centre	6 sheets	lease ends end 2017 - no plans for renewal or replacement

You might think that things look good right now. There should be nine sheets of ice available for community use for the fall of 2010. This represents a 12.5% increase in capacity from 1996 to 2010, amounting to less than 1% per year. Not a great increase considering our population growth, but at least it's an increase.

The danger lies just a few years after the oval arenas come on line. The current plan is to demolish Minoru Arenas in 2016. There are no plans for its replacement. Not even a location has been discussed. Even scarier is the future of the Richmond Ice Centre. There the lease ends in 2017. As things presently stand, in just a short decade, the City of Richmond will only have one ice sheet available for community use. Obviously, something has to be done.

Earlier this month, RACA was invited to a facilities planning workshop to provide input to help the city establish a model for determining prioritizing facility development. We attended and provided feedback. However, it seems rather odd for arenas to be included in a prioritizing exercise when everyone knows that the facilities at Minoru and the Richmond Ice Centre must be maintained and/or replaced. Surely, this situation is obvious.

In the newspaper earlier this fall, there was an article describing the waiting lists that currently exist for hockey programs in Calgary. It is a truly sad state of affairs when a wealthy city in a wealthy province cannot provide enough arena space for its citizens. We would imagine that the situation has more to do with a lack of planning than a lack of financial resources.

To ensure that we have adequate facilities in place for the long term and to avoid the waiting list scenario currently being experienced in Calgary and which was experienced in Richmond for several years prior to the construction of the Richmond Ice Centre, we ask that this committee ask city council to:

1. Instruct staff to include arenas in all long-term capital plan and identify sites for future arena development.
2. To defer the demolition of Minoru Arenas until a replacement facility is operational. This would alter the city's current 10 year commitment.
3. Purchase the Richmond Ice Centre building and land and, if needed, endorse a referendum to allow the city to replace its high rate lease with low cost debt regarding the buy-out of RIC.

3. Oval Arena Programming

Last years presentation resulted in city council passing the following resolutions at its meeting on April 16, 2006:

Item 16(4): *That the Richmond Business Office consider RACA's interest in being involved in oval programming when the various options for a governance and operational model are being developed.*

Item 16(5): *That RACA be invited to participate in the Service Planning group for Sports, as well as the process to develop system wide policies, including a Pricing Policy.*

The city has not yet determined the management structure for the Olympic Oval. While we do not have an opinion as to the optimum management model for the facility overall, we do have a strong opinion regarding the programming for ice facilities and the related fees and charges.

At present, arena facilities are managed by RACA in conjunction with arenas staff on a city-wide basis. By all accounts, the current arrangement works for facility users and works for the city. We have met and exceeded all mandates. Our model works--it works now, has worked for the last decade or more and will work into the future.

RACA believes that programming control and responsibility for fees and charges for the "ice portion" of the activity floor should be given to RACA and rolled into our existing programming and management model. Our service delivery model is very straightforward with no unknowns and certain returns.

RACA can provide seamless integration and put this part of the oval squarely in the hands of the community as is envisioned and espoused by city council. The needs of the high performance users of the facilities will be prioritized as necessary in our ice allocation policy to ensure that legacy funding for the oval is maximized. We understand the importance of legacy funding and we are as able as anyone to protect that very important source of funding for the oval. We urge everyone to reject the argument that the only way to protect legacy funding is through centralized control of all programming that occurs at the oval.

RACA's control of programming of the ice facilities inside the oval will eliminate conflicts that will certainly arise should the governance and operational model introduce a new provider. In most communities there is conflict and competition amongst arena users. Resolution of these conflicts is usually in the hands of the senior city staffer. Often, however, it is city council that becomes the final decision maker. These types of decisions force council into choosing one constituency over another. This is not a win-win situation. In Richmond, RACA has facilitated a true partnership between the different users. Deals and compromises are made and decided upon by RACA. To our knowledge, city council has never had to get involved. This is a win-win scenario.

All arena users are looking forward to being able to use the oval. Everyone wants in at the first opportunity. However, there isn't enough space for everyone. Who will decide which organization or team goes first? We think RACA is best suited to resolve these types of issues.

Fees and charges is another area in which RACA has experience. We can visualize a new oval management group attempting to maximize its financial return by poaching high paying adult users from existing RACA facilities. This is not productive. Orderly decision making will give way to politically motivated management. The PRCS staff has been attempting to centrally co-ordinate many leisure activities and community centre operations. RACA's position on fees and charges is consistent with the staff's strategy.

The existence of a second service provider has little upside and much downside in the world of ice allocation and related fees and charges. RACA feels it is best suited to do this work on behalf of the community users.

The association has yet to receive any official correspondence relating to council's resolutions in April. We are anxious to enter into serious negotiations with the city. To this end, RACA asks this committee to endorse our position and approve the following recommendations:

1. That the PRCS committee endorse the concept of having a single provider of arena facilities in the City of Richmond responsible for programming and fees and charges.

2. That staff be directed to enter into negotiations with RACA to develop a memorandum of understanding in this regard.

Thank you very much for giving us the opportunity to make this presentation. We would be pleased to answer any questions you may have.

Respectfully submitted
Frank Claassen
Crichy Clarke