Agenda - Council - April 30, 2003

Report - Executive Policy Committee - April 16, 2003

Item No. 3 Arena Rental Rate Increases
File PR-2.1 (Vol. 23)

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On April 16, 2003, the Executive Policy Committee concurred in the administrative recommendation and submits the following to Council:

1. That all fees for ice rentals, summer and winter, and off-season rentals of arena facilities increase by 10%, over and above annual CPI increases, effective September 1, 2003.

2. That By-Law No. 3219/82 be amended as per attached schedule, Appendix I.

Report - Executive Policy Committee - April 16, 2003

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On April 16, 2003, the Executive Policy Committee concurred in the administrative recommendation and submitted its recommendation to Council.

Re:	**Arena Rental Rate Increases**
For submission to:	Executive Policy Committee
Original report signed by:	Director of Community Services
Report date:	April 11, 2003
In Camera item:	

Recommendation(s):

- That all fees for ice rentals, summer and winter, and off-season rentals of arena facilities increase by 10%, over and above annual CPI increases, effective September 1, 2003.

- That By-Law 3219/82 be amended as per attached schedule, Appendix I.

Report Summary

Key Issues:

- The operating/maintenance costs for indoor arenas have increased by 30% since 1998, while revenues have only increased by 6%.

- The recovery rate for arenas in 1998 was 72.6% and has declined to 59.6% in 2001.
  Therefore a revenue rate increase of 10% is necessary to achieve a recovery rate of 65%.

- The fiscal year for indoor arena ice rentals begins in September of each year, with the renewal process starting in March each year. Therefore, the earliest that a rental increase would have impact to the recovery rates is September 2003. The impact to 2003 budget would be $98,100.00 and $218,000.00 in 2004. There has not been an increase beyond CPI for indoor arenas since 1997.

- Amendment to By-Law 3219/82 is required.

Implications of the Recommendation(s):

General Implications

	None
	For the organization overall and/or for other departments
X	For the community and/or organizations external to the City of Winnipeg
	Involves a multi-year contract

Comment: Increased arena user fees.

Policy implications

	No
X	Yes

Comment: Council must approve a new fee schedule or changes to the present fee schedule in excess of a CPI increase. Amendment to By-law 3219/82 is required.

Financial Implications

X	Within approved current and/or capital budget
	Current and/or capital budget adjustment required

Comment: Increases to indoor arena rates are required to close the cap between increased maintenance costs and arena revenues.

Report

Recommendation(s):

- That all fees for ice rentals, summer and winter, and off-season rentals of arena facilities increase by 10%, over and above of annual CPI increases, effective September 1, 2003.

- That By-Law 3219/82 be amended as per attached schedule, Appendix 1.

Reason for the report:

Council must approve any new fee schedules or changes to fee schedules in excess of a CPI increase, and all City by-law amendments require Council approval.

History:

The Fees and Charges Policy states that fees will be levied to recover all or a portion of direct operating costs. In the policy, fees and charges within the fee schedule increase automatically, annually, by at least the rate of inflation, unless a review indicates otherwise. The Amending By-law has not been amended since 1997 (By-law 7078/97).

Discussion:

The costs associated with maintaining arena operations continue to increase at a greater rate than arena revenue streams. For example, in 1998, 72.6% of expenditures were recovered as revenue; in 2001 the recovery rate fell to 59.6%.

The annual expenditures for operations of arenas for 2001 are $3,674,822, an increase of $836,389 (30%) over 1998 expenditures. This is due primarily to substantial utility increases, increased costs of maintaining aging facilities and equipment, salaries, capital repairs, graffiti control and vandalism repair costs. Revenues for 2001 have only increased $128,543 (6%) over 1998 revenues. Reduced demand for ice rentals coupled with only minimum rate increases, have caused revenues to stagnate. It is anticipated that with the 10% proposed increase, a recovery rate of 65% will be achieved.

The proposed 10% revenue increase will shift the recovery rate in 2003 to 65%. In addition, the 2003 Arena Revenue budget deficit will be reduced by $98,100 and by $218,000 in 2004. The fiscal year for arena rental contracts begins in September of each year. Therefore, the earliest that rate increases could be implemented would be September 1, 2003.

Appendix 1 is a breakdown of the proposed new fees including a CPI increase of 1.3% for 2002.

It is anticipated that private arena rates will also increase. Private arenas have traditionally used the City's rates as benchmarks for setting their own rates.

Financial Impact Statement **Date:** April 11, 2003

Project Name: Arena Rental Rate Increases **First Year of Program: 2003**

	2003	2004	2005	2006	2007
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Total Additional Debt Required	$ -	$ -	$ -	$ -	$ -
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	98,100	218,000	218,000	-	-
Net Cost/(Benefit)	$ (98,100)	$ (218,000)	$ (218,000)	$ -	$ -
Less: Existing Budget Amounts	(98,100)	(218,000)	(218,000)	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Increases to take effect September 1, 2003. The increase is based on 10% of actual 2001 revenue of $2.18 million. The 2003 increase is prorated based on the historical percentage of annual arena revenue realized in the months September through December of 45%. Proposed fee increases will allow Community Services to partially alleviate a 2003 budget deficit and meet the revenue target in our 2004 budget.

Clive Wightman, CGA
Manager of Finance & Administration

In preparing the report, there was consultation with and concurrence by:

Building Services Division
Public Works Department

This Report Submitted By:

Department: Community Services
Division: Community Development and Recreation Services
Prepared by: Grant Peterson
File No.

Appendix I

City of Winnipeg
Community Services Department
Community Development, Recreation & Support Services Division
Effective September 1 of Each Year Unless Otherwise Indicated

DESCRIPTION	2002	2002	2003				
	TOTAL BEFORE TAX	TOTAL AFTER TAX	CPI INCREASE	PROPOSED INCREASE	PROPOSED INCREASE BEFORE TAX	G.S.T.	TOTAL INCL. TAX
Authority: By-Law 7078/97			1.30%	10.00%			
ICE RENTAL (per hour)							
Winter Rates (September 1 - April 30)							
Youth - 17 years and under	108.65	116.26	1.41	10.87	120.93	8.46	129.39
Junior Hockey Leagues, Minor Hockey Juvenile & Debs Ringette Programs	108.65	116.26	1.41	10.87	120.93	8.46	129.39
Adult - Prime Time - Prime time ice is defined as those hours betwwen 4:30 p.m. and 10:00 p.m. Monday thru Friday and 7:00 a.m. to 10:00 p.m. Saturday and Sunday. A booking commencing at 9:55 p.m. or earlier is considered a prime time booking.	143.09	153.11	1.86	14.31	159.26	11.15	170.41
Adults - Non Prime Time - non-prime time ice is all hours which fall outside the definition of prime time hours	108.65	116.26	1.41	10.87	120.93	8.46	129.39
School Divisions - Master Agreement - 9:00 a.m. to 4:00 p.m. provided the arena is open							-
School Divisions - No Master Agreement	108.65	116.26	1.41	10.87	120.93	8.46	129.39
Community Services Department	108.65	116.26	1.41	10.87	120.93	8.46	129.39
Last Evening Booking	79.62	85.19	1.04	7.96	88.62	6.20	94.82
Summer Rates (May 1 - August 31)							
Hourly	108.65	116.26	1.41	10.87	120.93	8.46	129.39
OFF SEASON RENTALS (No Ice)							
Profit Organizations							
Hourly	58.10	62.17	0.76	5.81	64.67	4.53	69.19
Daily (10 hour rental)	502.41	537.58	6.53	50.24	559.18	39.14	598.33
Weekly	3,514.77	3,760.80	45.69	351.48	3,911.94	273.84	4,185.77
Non-Profit Organizations							
Hourly	41.95	44.89	0.55	4.20	46.69	3.27	49.96
Daily (10 hour rental)	371.25	397.24	4.83	37.13	413.20	28.92	442.13
Weekly	2,288.30	2,448.48	29.75	228.83	2,546.88	178.28	2,725.16
Additional Charges							
A 2% administrative charge is levied on contracted summer ice turned back.							

PRIVATELY OPERATE ARENAS
WINNIPEG AND SURROUNDING COMMUNITIES
ICE RENTAL RATES*
2002-2003 SEASON

Winnipeg Area

ARENA	YOUTH PRIME TIME	YOUTH – NON PRIME TIME	ADULT PRIME TIME	ADULT – NON PRIME TIME	NON-RESIDENT RATE
City of Winnipeg Current Arena Rates	*$116.26 / hr*		*$153.11 / hr*	*$116.26 / hr*	
City of Winnipeg Proposed Increase	*$129.39 / hr*		*$170.41 / hr*	*$129.39 / hr*	
Dakota Community Centre	$116.26 / hr	$116.26 / hr	$133.00 / hr	$60.00 / hr	N/A
Dutton Memorial Arena	$135.00 / hr	$120.00 / hr	$135.00 / hr	$120.00 / hr	N/A
Ed Goulding Memorial Arena	$116.00 / hr	$116.00 / hr	$116.00 / hr	$116.00 / hr	N/A
Gateway Recreation Centre	$102.81 / hr	$102.81 / hr	$139.00 / hr	$128.00 / hr	N/A
Keith Bodley Arena	$120.00 / hr	$105.00 / hr	$120.00 / hr	$105.00 / hr	N/A
Maples Multiplex	$120.00 / hr	$80.00 / hr	$125.00 / hr	$80.00 / hr	N/A
River Heights Arena	$123.05 / hr	$80.25 / hr	$123.05 / hr	$80.25 / hr	N/A
Southdale Arena	$116.20 / hr	$116.26 / hr	$116.26 / hr	$116.26 / hr	N/A

Surrounding Communities

ARENA	YOUTH PRIME TIME	YOUTH – NON PRIME TIME	ADULT PRIME TIME	ADULT – NON PRIME TIME	NON-RESIDENT RATE
City of Winnipeg Current Arena Rates	*$116.26 / hr*		*$153.11 / hr*	*$116.26 / hr*	
City of Winnipeg Proposed Increase	*$129.39 / hr*		*$170.41 / hr*	*$129.39 / hr*	
Lorette Arena	$49.00 / hr	$49.00 / hr	$96.30 / hr	$96.30 / hr	$107.00 / hr
Oakbank Arena	$85.00 / hr	$85.00 / hr	$85.00 / hr	$85.00 / hr	$112.35 / hr
Selkirk Arena	$84.18 / hr	$56.12 / hr	$112.24 / hr	$56.12 / hr	N/A
Selkirk Recreation Complex	$113.46 / hr	$75.64 / hr	$151.28 / hr	$75.64 / hr	$165.85
St. Andrews Arena	1) <13 yrs: $100.00 / hr	1) <13 yrs: $100.00 / hr	$117.00 / hr	$117.00 / hr	N/A

	2) >13 yrs: $107.00 / hr	2) >13 yrs: $107.00 / hr			
Starbuck Arena	$56.18 / hr	$56.18 / hr	$101.65 / hr	$85.60 / hr	N/A
Stonewall Arena	$63.00 / hr	$50.40 / hr	$87.00 / hr	$69.60 / hr	- Adult Prime Time: $105.00 / hr - Adult Non-Prime: $84.00 / hr - Youth Prime Time: $105.00 / hr - Youth Non-Prime: $84.00 / hr
Stony Mountain Arena	$112.35 / hr	$96.30 / hr	$112.35 / hr	$96.30 / hr	N/A

* Rates include GST