



To: Parks, Recreation and Cultural Services Committee **Date:** October 6, 2010
From: Vern Jacques
Acting Director, Recreation **File:**
Re: Referral arising from the November 24, 2009 Parks, Recreation and Cultural Services Committee Meeting regarding the operational update submission from the Richmond Arenas Community Association (RACA)

Staff Recommendation

That this report be received for information.

Vern Jacques
Acting Director, Recreation
(604-247-4930)

FOR ORIGINATING DEPARTMENT USE ONLY			
ROUTED TO:	CONCURRENCE		CONCURRENCE OF GENERAL MANAGER
Budgets	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>		
REVIEWED BY TAG	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>	REVIEWED BY CAO
			YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>

Staff Report

Origin

The Richmond Arenas Community Association (RACA) provided an operational update at the November 24, 2009 Parks, Recreation and Cultural Services Committee meeting. The following motion was approved by Committee:

That staff review:

- (1) The cost sharing arrangement for arenas between the City and the Richmond Arenas Community Association (RACA);*
- (2) The fees and charges for arena use;*
- (3) Provisions of assistance to those who cannot afford to participate in programs in arenas;*
- (4) The need for capital funding for the renewal of ice sheets;*
- (5) The relationship between RACA, and other arena sport groups, and the Olympic Oval Corporation.*

The purpose of this report is to address this referral.

Analysis

(1) The cost sharing arrangement for arenas between the City and the Richmond Arenas Community Association (RACA)

The agreement between the City and RACA outlines that the City provides an annual budget to operate the Richmond Ice Centre and Minoru Arenas. The 2010 approved budget expenditure is \$4,751,300, of which \$1,936,500 covers the annual facility lease costs for the Ice Centre. The remainder provides facility staffing, maintenance, utilities, equipment and supplies. All revenue from public admissions, instructional programs and ice/dry floor rentals goes directly to RACA. Staff negotiate an annual operating fee (\$2,603,000 in 2010) that RACA pays to the City to offset the majority of the City's expenses. In addition, RACA pays a share of any annual operating surplus to the City (\$55,208 for 2010).

The RACA annual budget expenditure for the fiscal year ending June 30, 2010 was \$3,859,574. RACA's primary expenses include the annual operating fee to the City, staff costs for food and beverage operations, instructional programs and a bookkeeper, as well as food and beverage supply costs and some minor capital building improvements. RACA's share of their annual operating surplus for the period ending June 30, 2010 is \$75,209. RACA has unrestricted assets of \$456,060.

This cost sharing agreement generally works well for the parties. The annual operating fee is negotiated to allow RACA to attain a reasonable annual surplus, while at the same time significantly contributing to offset the City's arena operational costs. In recent years, RACA has

used a portion of its surplus to make many improvements to the two facilities for the benefit of all arena participants.

(2) The fees and charges for arena use

Annually, City staff collect regional market survey information and recommend arena fees and charges increases for RACA's approval. These additional revenues allow RACA to increase the annual operating fee that it pays to the City for cost recovery. Both parties work hard to keep fee increases to a minimum so that arena program and user group rental participation is not negatively impacted. Arena sports are relatively expensive to participate in, and the recent addition of HST on facility rentals, combined with the loss or reduction of gaming grants has created challenges for Richmond's minor arena sport groups. Additionally, RACA rents ice time from the Oval at \$128.25 per hour as compared to RACA's rate of \$73.25 per hour. The positive news is that RACA's minor group rental rate is the second lowest in the Lower Mainland, and remains considerably lower than the regional average market rate of \$93 per hour.

(3) Provisions of assistance to those who cannot afford to participate in programs in arenas

Each of Richmond's arena minor sport groups provides some form of registration rate reduction for low-income families. Although demand exceeds available funding, participants are also able to apply for KidSport grant funding. Applying for Sports Council legacy funding can offset team travel costs, and applying for funding from the City's new Sport Hosting program can offset some event-hosting costs.

The City provides a variety of opportunities for free or reduced admission through its fee subsidy program, seasonal courtesy admission passes to all Richmond elementary school students, and promotion of the free admission opportunities for all Richmond Grade 5 students who apply for a Get Active! courtesy pass.

(4) The need for capital funding for the renewal of ice sheets

RACA has expressed concern about the need for the City to have a long-term plan for arena development in the community. The two rink Minoru Arenas facility is owned by the City, is well maintained and likely has a further lifespan of at least 20 years. The six rink Richmond Ice Centre is leased by the City, and the City has options to renew the existing lease until 2029. The Oval retrofit has added two rinks to the City's inventory, although minor sport access is allocated on a different priority basis at the Oval. The City has no current plans to build additional ice rinks at this time.

As for capital funding, it was suggested during RACA's update that a Facility Replacement Reserve for the Richmond Ice Centre was discussed at the time the facility was built in 1994. Staff have clarified that there was no Council resolution to create this reserve, so the reserve was never initiated.

(5) The relationship between RACA, and other arena sport groups, and the Olympic Oval Corporation

At the time of RACA's November 2009 submission, there were no details available from Oval staff about minor sport ice time allocation for the 2010-2011 fall/winter season. Last spring, Parks and Recreation staff reached an agreement with Oval staff and RACA for the weekly allocation of 30.25 hours of ice time for RACA's minor sport groups at the Oval for the current fall/winter season at a rate of \$128.25 per hour. The additional ice time has allowed the minor arena sport groups to expand their programs and increase membership. The Oval Corporation will also be introducing a significant Community Engagement Program which will include an assessment of the need for special rates and program-scheduling, and will also augment the current arrangements.

Financial Impact

As this report is presented for information only, there is no financial impact.

Conclusion

The current operating and cost sharing agreement between the City and RACA for the operation of Minoru Arenas and the Richmond Ice Centre, along with the process of determining annual fees and charges is working well for both parties. Programs are in place to provide some financial assistance to residents who cannot normally afford to participate in Richmond's arena activities. RACA and the Oval have a satisfactory one-year trial agreement in place for minor arena sport ice allocation at the Oval.



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