



Ice Strategy Plan B Implementation Staff Presentation to Common Council June 17, 2019



SAINT JOHN

Plan A: Regional Ice Strategy

- Fairness and Sustainability of Regional Arenas
- 1 ½ years of investment
- 6 Regional Service Commission Board resolutions sought related to Ice Strategy
 - July 2017 – Receive and file update, project charter discussed
 - May 2018 – Consultant engaged for elected official engagement
 - October 2018 – Receive and file update
 - December 2018 – Receive and file update
 - March 2019 – No consensus on principles of a cost sharing formula
 - April 2019 – No consensus on principles of a cost sharing formula

Plan A Staff Recommendations

- Continue to be supportive of fair and sustainable arena funding principles brought before Regional Service Commission
 1. Applicable operating deficits shared among taxpayers of region based on usage
 2. Working Group to report back to Commission on applicable deficit costs and usage data for approval
- Staff to report back to Council if consensus at Regional Service Commission
 - Option to delay Plan B if meaningful progress achieved

Plan B: Non-Resident User Fees

- Proceed given no regional consensus as of May 1, 2019
- Intended outcomes with Plan B
 - City taxpayers to continue to subsidize city resident usage of arenas
 - City taxpayers to stop subsidizing non-resident usage of arenas
 - Similar to Plan A without regional consensus
- Two Options:
 1. Full Cost Recovery Rates & Resident Rebate Program
 2. Recreation Card & Non-Resident User Fee
- Option 2 Recommended
 - Cash flow issues for city residents with Option 1
 - Fewer financial transactions, no City funds handed out
 - Option 1 has less support from Ice Associations

Recreation Card Implementation

- Residents receive card for free with proof of residency
- Non-residents receive card after paying fee
 - Fee generates Cost Recovery in lieu of City taxpayer subsidization
- External services to help support program
 - Quality assurance
 - Database and financial system
 - Card disbursement and payment convenience
- Cross reference against participant data from Ice Associations
- Spot checks at arenas
- Requires participation of Ice Associations

Feedback from Ice Associations

- Meetings November 2018, May 2019, June 2019
- Plan A preferred
- Plan B will result in loss of non-resident users
 - Manage expectations on revenues from non-resident fee
 - Risk of arena closures
 - Increased operating deficits with reduced demand
 - Impacts to associations
 - Impacts to city resident users
- Request phased-in Non-Resident User Fee (or avoid all together)
- Committed to finding solutions
 - Advocating for Plan A
 - Ideas to contribute to financial sustainability of City arenas and mitigate need for the fee or cost of it

Non-Resident User Fee Options

Annual Non-Resident User Fee Options*	Cost Recovery	Anticipated Gross Revenue***	Estimated Implementation Cost****	Anticipated Net Revenue
\$150	39% recovery**	\$113,963	\$70,000	\$43,963
\$200	52% recovery**	\$151,950	\$70,000	\$81,950
\$250	65% recovery**	\$189,937	\$70,000	\$119,937
\$300	78% recovery**	\$227,925	\$70,000	\$157,925
\$350	92% recovery**	\$265,913	\$70,000	\$195,913
\$382	100% recovery**	\$290,224	\$70,000	\$220,224
\$773	Match City of Fredericton Fee	\$587,287	\$70,000	\$517,287

*Exclusive of HST. Non-resident portion of deficit divided by number of non-residents (1013 in 2018-2019)

**Recovery % relative to non-resident portion (37%) of operating deficit only. No other facility lifecycle costs considered.

***Assumes 25% reduction in non-resident users from 2018-2019 season

****To be confirmed early July 2019

- \$200 + HST recommended for 2019-2020; City taxpayers still subsidizing non-resident use
- \$350 + HST recommended for 2020-2021; City taxpayers still subsidizing non-resident use

Additional Arena Sustainability Measures

- ...more than just having users pay fair share
- Continuous Improvements that reduce operating costs
 - Energy saving and safety initiatives
 - Staffing-to-demand leading to 25% reduction in labour requirements
 - Long term arena supply plan
- Ideas from Ice Associations
 - Prevent cancellations
 - Explore earlier weekday bookings
 - Provide transparent schedules throughout season
 - Earlier season booking deadline
 - Collaborate on setting arena schedules
 - Advertising and arena naming rights

Future Work

- Recommendations for cost of 2019-2020 Non-Resident User Fee and updated arena hourly rates planned for July 8, 2019 Council meeting
- Template for other Recreation Facilities and Services

Staff Recommendations

1. Support fair and sustainable solutions proposed at Regional Service Commission
 - Plan A to replace Plan B with meaningful progress
2. Endorse “Recreation Card & Non-Resident User Fee” Plan B option and a Non-Resident User Fee of:
 - \$200.00 + HST for 2019-2020,
 - \$350.00 + HST for 2020-2021