



City of
Peterborough

To: Members of the General Committee

From: Sheldon Laidman, Commissioner of Community Services

Meeting Date: March 9, 2020

Subject: Report CSAD20-003
Update Following Ice User Group Engagement - Future of Northcrest Arena

Purpose

A report to provide information in response to the January 30, 2020 motion of Council for staff to further engage with ice user groups to solicit input on additional ideas and commitment to generate additional funds to keep Northcrest Arena operational.

Recommendations

That Council approve the recommendations outlined in Report CSAD20-003, dated March 9, 2020, of the Commissioner of Community Services, as follows:

- a) That Northcrest Arena permanently close in April 2020 as a municipally operated arena and the net Arena budget be reduced by \$7,476 and General Contingency be increased by \$7,476;
- b) That staff undertake a review of ice allocations at all City arenas for the 2020/21 hockey season and make inquiries regarding the availability of ice time in surrounding county and township arenas.

Budget and Financial Implications

If recommendation a) is approved, the Northcrest Arena 2020 Operating Budget would be reduced by \$7,476 as a result of the closure in April 2020, represented by \$137,838 in reduced expenses and \$130,362 in reduced revenues. Part-Time staff within the Arena Division budget would be reduced by 2.84 Full-Time Equivalents

(FTE) to compensate for the seasonal Full-Time staff that will be reassigned to other Arena Division facilities once Northcrest Arena is closed.

The estimated cost for the decommissioning of the facility including the refrigeration plant is \$20,000 and could be accommodated in the 2020 Northcrest Arena Operating budget.

If recommendation a) is not approved and Council chooses to continue operation of Northcrest Arena, the amount of \$1.465 million would be required as a pre-commitment from the 2021 Capital budget for immediate Facility Priority Upgrades to Northcrest Arena.

Background

On October 15, 2019, Council approved a motion asking staff to provide the cost to refurbish Northcrest Arena during discussion of Report CSD19-016 New Arena and Aquatics Complex Location and Funding Opportunity. Report CSAD20-001 Future of Northcrest Arena dated January 13, 2020 was presented to the Finance Committee. This report provided a detailed update on the history of Northcrest Arena including recent facility usage, capital work required on the refrigeration plant and structural components, recent emergency repairs and risks that may occur with continued operation of Northcrest Arena and the longer-term capital work required. The total cost of all repairs required to operate Northcrest Arena beyond April 2020 is \$1.465 million. Longer term capital work required for long-term occupancy of the facility is estimated to be \$7.295 million.

On January 30, 2020 Council passed the motion

“That the matter be deferred to engage with the user groups to see if there are ideas they have to generate the funds necessary to keep Northcrest Arena operational”.

Arena User Group Discussions

Prior to Report CSAD20-001 Future of Northcrest Arena dated January 13, 2020 being presented to Council, City staff met with arena user groups on January 8, 2020 to provide an update on the report recommendations and to discuss user concerns and questions regarding staff's recommendation to close Northcrest Arena in April 2020. Prior meetings where the future of Northcrest Arena was discussed took place in 2019 with two full user group meetings and one minor organization meeting and in 2018 with one full user group meeting and one minor organization meeting. During the January 8, 2020 meeting, the discussion included proposals to ice users on potential scenarios for additional ice allocation if Northcrest Arena was to close, as well as intentions to utilize all available ice time (early morning, early afternoon, later evening) in existing City facilities including Peterborough Memorial Centre, Evinrude

Centre and Kinsmen Arena. Staff would also review opportunities for outside ice in county and township arenas to supplement the loss in ice allocation.

Following Council's motion on January 30, 2020 to defer the decision to close Northcrest Arena, an Ice User Group meeting was immediately planned for February 4, 2020 at the Evinrude Centre in which all arena user groups were invited for their input and participation. Users were asked to bring all revenue ideas and to be prepared to discuss additional ice user fees and a possible commitment to use all available ice at Northcrest Arena. The focus of this discussion was related to potential options from user groups for additional funding toward the capital budget requirement of \$1.465 million to keep Northcrest Arena operational beyond April 2020.

City staff reviewed and prepared potential suggestions for funding from ice user fee increases. In order to fully fund the 2020 capital budget requirement of \$1.465 million, an estimated 22% increase, or \$38.76 per hour, would be required for all prime-time ice usage on all City ice pads. This figure was generated over the term of four years in anticipation of keeping the facility operational through the 2023-24 ice season. Achieving the goal to meet the funding total of \$1.465 million would require full prime-time ice usage at all City arena pads including Northcrest Arena which is currently not being fully utilized. After discussion of ice user funding solutions including user rate increases, increased tournament and registration fees and fundraising initiatives, the following recommendations were proposed by all ice user groups in attendance;

- An increase in user fees in prime time during the 27 week ice season of an additional \$20/hour.
- Commitment to utilizing all prime hours weekdays and weekends at all community arenas, including Northcrest, and all available time at the PMC (excluding OHL Pete's and event usage).
- That any potential additional fundraising commitments be quantified for annual contributions over the four year term towards the 2020 capital project costs.

The above recommendations were presented back to all user groups on February 5, 2020 with a deadline to respond by February 9, 2020. See below Chart – Ice User Group Responses, which provides a summary of all user group responses;

Chart 1 – Ice User Group Responses

User Group(s)	Category (as per Ice Allocation Policy)	In Favour of Funding Recommendations (Yes/No)
Peterborough Hockey Association (PHA)	Partner	No
PGHA (Peterborough Girls Hockey Association)	Partner	No
PMHC (Peterborough Minor Hockey Council)	Partner	Yes
Kawartha Komets	Partner	Yes
Other- Adult/Private Groups (9 total)	Partner	Yes 5; No 4

Of the above responses, the two largest users of prime ice, PHA and PGHA, were not in favour of the proposed recommendations for increased fees. The collective ice usage of these two groups accounts for an average of 52% of all prime-time ice use in 2019/20 at all city arenas, including PMC. The proposal by users for a \$20/hour ice fee increase would have generated only a portion of the capital funding required, estimated at \$761,800 over the four years. Without full commitment of all groups, this funding contribution cannot be met. Some primary causes for these decisions to not be supported by some groups included the impact in increased fees required to be placed on their membership, and the recognition that Northcrest Arena does not meet 2020 standards for an ice arena for these organizations and their users.

City staff committed to reviewing all internal funding sources including the Arena Capital Contribution Fund which is collected from a fee applied to the hourly user fee for all ice rentals and is currently committed to fund the New Arena and Aquatic Complex. The application for the twin pad arena complex to the Province includes a commitment of these funds towards the project. This Capital Contribution Fund was formerly used towards the debt payments for Evinrude. The Fund has a current balance of \$140,000 and generates approximately \$70,000 per year. The potential to redirect this fund or other internal revenue sources is not recommended by staff as a cost share option for the budget required to keep Northcrest Arena operational. The amount of \$1.465 million would be required as a pre-commitment from the 2021 Capital budget for immediate Facility Priority Upgrades to Northcrest Arena.

At the February 4, 2020 user group meeting, staff also communicated the possibility of a delayed start to the 2020/21 ice season as a result of construction timelines should a decision be made to keep Northcrest Arena operational.

Ice User Allocations - 2020 and beyond

Arena users have been consulted throughout the review of the recommendation for closure and assured that City staff will be cooperating with all groups to find suitable options that exist within other City facilities and those in the surrounding communities. City staff have begun to engage and will continue to engage with neighbouring communities to review any opportunities to accommodate for the reduction of available ice within the City. Ice allocation requests for Fall/Winter 2020/21 were due January 31, 2020 and City staff are reviewing all options internally to determine the potential shortfalls and will engage with users and the surrounding communities to find solutions for regular usage and events. City staff will also continue to update the Arenas Parks and Recreation Advisory Committee throughout this process as well.

Next Steps

If the staff recommendation to close the arena is approved, staff will continue to work to review ice allocations for the upcoming season. Staff are committed to working with user groups to work with remaining ice time at other city arenas to meet user groups needs as best as will be possible. It is anticipated that a revised usage policy would be presented to the Arenas Parks and Recreation Advisory Committee (APRAC) by June so that all users have ample time to plan for next season. Staff will also continue to pursue ice opportunities at County rinks.

Staff will also begin the work involved in decommissioning the ice plant as well as reviewing future options for both the building and property that Northcrest Arena is situated on. Staff will report back to Council on the decommissioning plan, opportunities for future use of the facility and site location, and accompanying capital budget request.

Summary

Due to the capital costs associated with continuing to maintain Northcrest Arena, staff are continuing to recommend the closure of this arena in April 2020. Further user group engagement took place on February 4, 2020 to explore ideas to generate the funds necessary to keep Northcrest Arena operational. Recommendations to increase the user fee for prime-time ice were not supported by the majority of the groups using prime-time ice and no other solutions to raise the required funds of \$1.465 million were brought forward. City staff will work with all user groups to find suitable options for the reallocation of ice times that exist within City facilities and those in surrounding communities as a result of the closure of Northcrest Arena. Staff will assess all other opportunities for use of the facility and site location and

come back to Council with a report that also includes a decommissioning plan and accompanying capital budget request.

Submitted by,

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