



City of
Peterborough

To: Members of the General Committee

From: Sheldon Laidman, Commissioner, Community Services

Meeting Date: February 6, 2023

Subject: Lakers Lacrosse Association Inc. Agreement, Report CSAD23-001

Purpose

To obtain approval of the terms of a new Facility Licence Agreement (Agreement) between the City and the Laker Lacrosse Association Inc., operating as the Peterborough Lakers Major Series Lacrosse Club (PLLC).

Recommendations

That Council approve the recommendations outlined in Report CSAD23-001, dated February 6, 2023 of the Commissioner, Community Services as follows:

- a) That a new Agreement between the City and the PLLC include the following terms:
 - i. That the term for the Agreement be for a maximum period of five (5) years commencing April 1, 2023;
 - ii. That the Agreement include a fixed-rate rental fee for rental of facility space in the amount of \$1,607.00 plus HST annually, increasing annually by the rate of inflation sourced from the Statistics Canada Consumer Price Index;
 - iii. That the Agreement include a fixed-rate rental fee for game day expenses in the amount of \$4,636 plus HST for every PLLC game, increasing annually by the rate of inflation sourced from the Statistics Canada Consumer Price Index;
 - iv. That the Agreement include a per-ticket fee on all PLLC tickets for Box Office charges in the range of \$1.00 plus HST to increase to \$1.50 plus HST in

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- Year 3 of the Agreement on April 1, 2025 and \$2.00 plus HST in Year 5 on April 1, 2027;
- v. That the Agreement include a per-ticket Capital Refurbishment Fund fee on all PLLC tickets in the amount of \$1.50 plus HST over the term of the Agreement;
 - vi. That the Agreement include a per-Order Charge of \$2.50 plus HST applying to PLLC ticket orders over the term of the Agreement;
 - vii. That the Agreement include recovery by the City from the PLLC applicable Bank Charge of 2.75% on tickets paid by credit card on a per-game basis;
 - viii. That the Agreement include recovery by the City from the PLLC applicable Music Tariff charges on a per-game basis at the legislated amount;
 - ix. That the City will provide the PLLC 50% of the City's share of Gross Revenues from Food and Beverage Sales at PLLC Games for the term of the Agreement;
 - x. That the PLLC be provided the ability to provide in-game sponsorship opportunities displayed in temporary, non-obstructing locations during PLLC Games including the video screens of the Scoreboard; and
 - xi. That the City provide the PLLC with an interest-free loan of 50% of the cost to a maximum of \$150,000 to assist in their purchase of a carpet playing surface to be repaid in annual increments over the five (5) year term of the agreement.
- b) That the Mayor and Clerk be authorized to sign all necessary agreements and documents on terms satisfactory to the Commissioner of Community Services and in forms acceptable to the City Solicitor.

Budget and Financial Implications

The revenues to be received through a fixed-rate rental agreement total approximately \$75,700 increasing annually by the rate of inflation sourced from the Statistics Canada Consumer Price Index. Revenue received from the per ticket fees are estimated to be in excess of \$102,000 in Year 1 and increase to an estimated amount in excess of \$142,000 in Year 3 of the Agreement based on an average number of sixteen games per season. Additional revenues received by the City including Food and Beverage Sales and Parking Ticket Revenue are estimated to provide the City with similar revenues as received through the previous agreement as a result of hosting PLLC games at the PMC. The new agreement model provides the majority of revenue received by the City to be at fixed-rate amounts, resulting in guaranteed revenues

payable to the City and providing a more predictable approach to the annual budget process.

Background

Previous Council Direction

Through Report CSAD22-003 dated May 9, 2022, Council at its May 30, 2022 meeting approved the following recommendation:

That, respecting negotiations with the Peterborough Lakers Major Series Lacrosse Club, staff be authorized to proceed as outlined in Report CSAD22-003, dated May 9, 2022, from the Commissioner of Community Services.

Finalization of the Agreement Negotiation Process with the PLLC

The City staff negotiating team began negotiations with the PLLC for a new Agreement early in 2022, the final year of their current agreement, to lay out a process for a new Agreement. Negotiations continued with Staff receiving approval from Council on May 30, 2022 to proceed to finalize the negotiating terms as a result of Staff and the PLLC reaching a mutual agreement on the overall revenue total to be received from a fixed-rate fee structure including revenue sharing of food and beverage commissions. Through this report Staff is providing the main elements of the Agreement to be approved by Council prior to executing the final Agreement.

Revised Structure of New Agreement

The new proposed Agreement structure is a more simplified, mostly fee-based Agreement that will improve the annual budgeting process for each party, placing the Agreement in better alignment with Agreements currently in place between the City and the Peterborough Petes OHL Club and other events at the PMC. There are three categories of revenue to be received by the City as a result of PLLC games to include:

- 1) Revenue paid directly from the PLLC as tenant, including:
 - a. Facility invoices payable monthly in the form of rent;
 - b. Facility invoices payable on a per-game basis to cover game day expenses (event staff, extra operator staff, extra Box Office staff, security staff, first aid staff, floor time, all game facilities on Game Day and one-time seasonal carpet installation) including regular season, playoff games and Mann Cup games, if applicable;
- 2) Revenue received as a result of hosting PLLC games, including:
 - a. City commission on food and beverage sales at PLLC games that will continue to be shared with the PLLC, with the City retaining 50%;

- b. Parking revenue retained 100% by the City;
- 3) Revenue generated from the Box Office as a result of PLLC ticket sales, including:
- a. Per-ticket and per-order Box Office Fees charged on PLLC tickets to recover the costs of the City-operated Box Office; and
 - b. Capital Refurbishment Fund fee charged on PLLC tickets to partially offset the capital costs to maintain the PMC.

Under this new Agreement, the PLLC would retain all ticket sales revenues earned, including ticket sales in the Suites.

Carpet Loan

Approval by Council of the recommendations in this report would provide the option for the City to provide the PLLC with an interest-free loan of 50% of the cost to a maximum of \$150,000 to assist in their purchase of a carpet playing surface. Should the PLLC proceed to purchase a new carpet playing surface, terms will be added to their Agreement to include the total loan be repaid in annual increments over the 5 year term. A similar loan repayment process was undertaken following Council approval for the original carpet loan in 2008 in the amount of \$120,000 with an annual loan repayment amount being retained from ticket sales, with the total being paid off in 2019.

New Agreement and Future Lacrosse Seasons

The 2022 Season was the return for PLLC Major Series Lacrosse following a two-year cancellation in 2020 and 2021 as a result of the COVID-19 pandemic restrictions. Prior to this, the 2019 PLLC Season was relocated to the Healthy Planet Arena (previously the Evinrude Centre) due to the floor replacement project taking place at the PMC. The new Agreement structure takes into consideration the requirement to continue to rebuild ticket sales over the next two years by maintaining the per-ticket service charge with no increase until 2025.

The new Agreement will more closely align with the same principles as the City's agreement with the Peterborough Petes OHL Club and other events in the PMC, providing the PLLC with the opportunity to generate and retain revenues to remain viable with competitor MSL clubs. Both City staff and the PLLC agree that the revenue terms reached through this current renegotiation process are fair for both parties. Following Council approval of the recommendations in this report, Staff will proceed to prepare a new Agreement prior to the start of the 2023 MSL Season in a form satisfactory to the Commissioner of Community Services and City Solicitor to be executed by the Mayor and City Clerk.

Summary

The recommendations in this report includes changing the structure of the Agreement with the PLLC to a more simplified, mostly fee-based Agreement. The City will receive regular rental payments and other residual revenues as a result of PLLC games which will provide for a more structured approach to the annual budget process. Upon Council approval of the recommendations, Staff will proceed to prepare a new Agreement to be executed by the Mayor and City Clerk prior to the commencement of the 2023 MSL Season.

Submitted by,

Sheldon Laidman
Commissioner, Community Services

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