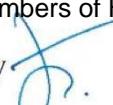


# HALIFAX

P.O. Box 1749  
Halifax, Nova Scotia  
B3J 3A5 Canada

**Item No. 14.1.7**  
**Halifax Regional Council**  
**March 8, 2016**

**TO:** Mayor Savage and Members of Halifax Regional Council

Original Signed by 

**SUBMITTED BY:**

John Traves, Q.C. Acting Chief Administrative Officer

Original Signed by 

Jane Fraser, Acting Deputy Chief Administrative Officer

**DATE:** February 22, 2016

**SUBJECT:** Rental Fee Structure for Ice Usage across HRM Owned Ice Surfaces

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## **ORIGIN**

June 2, 2015, Halifax Regional Council motion:

"MOVED by Councillor Fisher, seconded by Councillor Mason that Halifax Regional Council request a staff report regarding the potential for providing a consistent rental fee structure for ice usage across all HRM owned ice surfaces, including HRM operated; community operated, and contracted-out facilities." MOTION PUT AND PASSED (11 in favour, 3 against).

## **LEGISLATIVE AUTHORITY**

*Halifax Regional Municipality Charter*, Section 79(1): Council may expend money required by the Municipality for: k) recreational programs; (x) lands and buildings required for a municipal purpose; (y) furnishing and equipping any municipal facility; and (ah) ... ice arenas and other recreational facilities.

## **RECOMMENDATION**

It is recommended that Halifax Regional Council:

1. Direct staff to include a comprehensive review of the arena rental fees as a component of the Recreation Fee Study to be undertaken in the 2016/17 fiscal year and in consideration of the October 2, 2015 Regional Council direction regarding the ongoing Multi-District review process; and
2. Approve the attached Recreation Fee Study Project Charter, with funding as outlined in the Financial Implication Section of this report.

## **BACKGROUND**

There are twenty-four total sheets of ice in Halifax Regional Municipality (HRM) (Attachment 1). HRM owns twenty of the sheets, which are operated either directly by the municipality or by third parties on behalf of HRM. Seventeen of the twenty ice surfaces owned by the municipality are located in multi-pad or multi-district facilities, most of which are operated by community boards or private contracted service providers. As a result, there are currently fourteen different management structures operating ice sheets in HRM. Ice surfaces are key components of many of the multi-district facilities, and the price of the ice is an important financial component within their overall operations. This elevates the complexity of regional price harmonization as there is a long history of operational independence including budget development, service delivery and fee structures at these facilities.

Adult ice rental fees currently vary from a low of \$115 per hour (non-prime time at Bowles, Gray and Lebrun Arenas taxes included), to a high of \$276 per hour (prime time at BMO Centre taxes included). In addition, the cost of renting ice during the week-days is lower, and varies from facility to facility.

Discussion at the June 2, 2015 meeting of Regional Council included comments such that rental fees should be uniform to prevent competition between HRM facilities. During the ensuing discussion, several councillors advised that different facilities offer different amenities so a uniform fee may not be appropriate. Through that discussion, Regional Council requested a staff report regarding the potential for providing a consistent rental fee structure for ice usage across all HRM owned ice surfaces, including HRM operated, community operated, and contracted-out facilities.

## **DISCUSSION**

Currently, arena rental fees are individually set by facilities and are associated with the overall performance of each individual facility. This current decentralized approach to arena pricing is historical in nature and carried over from the previous municipal units. Prior to amalgamation, the four municipal units established their own rental fees and policies. As an example, the former City of Dartmouth provided ice time for youth at a subsidized rental rate. Arenas in the former Halifax County were in most cases built and/or managed by private not-for-profit entities that operated with a full cost-recovery objective driven by the unique nature of each facility.

The current arena fee structure is still representative of this historical practice with each of the fourteen separate management groups (HRM and third party) responsible to set arena fees based on their own operational requirements. In most cases, the facilities compete for rentals, especially in spring, summer, and non-prime time.

Subsequent to the June 2, 2015 motion, there have been other Council direction and initiatives which will impact the creation of a consistent rental fee structure. On October 6, 2013, Regional Council considered a report on the future governance of the multi-district facilities, many of which house some of the above noted ice surfaces. Regional Council's subsequent direction related to the creation of standard board governance for the facilities and included components that are expected to impact the harmonization of fees and rental structure. Those components that impact, and therefore can assist with the creation of a consistent rental structure, are:

1. Establish a regional funding model;
2. Align annual budgets and business plans with the overall HRM budget process, including requirement to meet budget targets and approval by Regional Council;
3. Provide for the provision of HRM delivered ICT technology and software including support and maintenance; and
4. Outline clear community access requirements and initiates implementation of consistent pricing and membership model to enable a "one-client" model across all facilities.

Staff was directed to return to Regional Council no later than Spring of 2016 with a plan to complete the above direction. Staff is currently working on that plan, which will require extensive analysis of the

interdependence of fee structure with overall financial implications.

As well, the 2016/17 Parks and Recreation Budget and Business Plan presentation included completion of a comprehensive fee study which is intended to review and analyze all categories of fees, comparative best practice, identification of cost to provide services, and recommendations for a strategic approach for future fees. Staff is seeking the support of an external consultant to facilitate delivery of expert, timely (six months after contract award), and impartial advice. This Recreation Fee Study is budgeted to be funded from the Strategic Studies Reserve, and requires a Project Charter outlining the study. The Recreation Fee Study Project Charter is attached to this report.

### Consistent Fee Structure

Development of a consistent fee structure is a complex process and is further complicated by the numerous management structures. As a result, the standard governance model directed by Regional Council as part of the multi-district project is an important change to enable the development of a consistent fee structure which encompasses all HRM owned facilities. A consistent fee structure would assist with equity in ice usage, provide rationale for a regional model to fees for both prime time and non-prime time, as well as inform the development of necessary subsidies for certain user groups.

Any change to pricing can be expected to result in a net impact (positive or negative) to the operating outcomes for each facility. Further, with the direction from Regional Council to develop a regional funding model for the multi-district facilities, the impact of a consistent arena fee structure will need to be incorporated in that model.

### Summary

A regional approach to pricing for ice and all other services would allow for greater fairness and equity in the system. Regional analysis would allow for consideration to the overall impact of the cost of supply versus revenue based on the current pricing models. Analysis would include impact on user groups overall, individual facility budget impacts, and HRM's Parks and Recreation budgets. Additional due diligence and opportunity to complete this task as part of the broader fee structure review will allow HRM to identify and address the net impact.

The provision of ice surfaces for citizens is one aspect of a multi-program approach to recreation service delivery in most of the arena facilities in Halifax.

A review of ice rental fees in isolation of the full detail on all services and programs, including regional implications, would provide Regional Council with limited information. A comprehensive fee review will achieve a fair and transparent, easily understood, regional approach to delivery of this and all recreation services and programs. Therefore, it is recommended that the analysis on the development of a consistent fee structure for ice surfaces be completed in concert with the study of all recreation fees.

### **FINANCIAL IMPLICATIONS**

This study is budgeted to be funded from the Strategic Studies Reserve in 2016/17. The maximum estimated budget amount for this study is \$120,000 and is included within the total budgeted withdrawals from the reserve in 2016/17.

#### **Budget Summary, Strategic Studies Reserve, Q330.**

Projected Net available March 31, 2016, as at Jan 31	\$1, 237,735
Proposed contributions to reserve 2016/17	\$ 950,000
Proposed interest earned on reserve 2016/17	\$ 16,590
Proposed withdrawals from reserve 2016/17	<u>\$(1,166,200)</u>
Projected net available balance, March 31, 2017	\$ 1,038,125

**Q330, Strategic Studies Reserve was approved in 2014/15. Funding to the reserve is from fiscal services on an annual basis. The approval of the recommendation will not have a negative effect on the anticipated March 31, 2017 balance as this amount is included in the budgeted 2016/17 withdrawals.**

### **COMMUNITY ENGAGEMENT**

Preliminary discussion on consistent arena pricing took place with facility General Managers.

### **ENVIRONMENTAL IMPLICATIONS**

Not applicable.

### **ALTERNATIVES**

Alternative 1: Regional Council could choose to direct staff to complete analysis regarding arena rental fee structures in isolation of the comprehensive fee structure analysis scheduled for the 2016/17 fiscal year.

Alternative 2: Regional Council could direct staff to undertake the study in lieu of a consultant. The Parks & Recreation business unit does not currently have sufficient staff capacity or expertise to undertake the study. Further, where the study will reach into fees charged by numerous arms-length community run facilities, it is critical that the study be completed by an impartial expert to help ensure the report recommendations will be accepted by all facilities/boards.

### **ATTACHMENTS**

Attachment 1: Table 1 Illustration of Arena Ownership and Management

Attachment 2: Strategic Studies Project Charter

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A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

Report Prepared by: Betty Lou Killen, Recreation Planning Specialist, Parks and Recreation 902.490.4833

Attachment 1 Table 1

The four arenas that are not owned by the municipality are highlighted:

	<b>Facility</b>	<b>Ownership</b>	<b>Management</b>	<b># of Ice Sheets</b>
1	Bedford Dome Arena	Private NFP	Private NFP	1
2	BMO Centre	Municipal	Municipal	4
3	Bowles Arena	Municipal	Municipal	1
4	Centennial Arena	Municipal	Board	1
5	Cole Harbour Place	Municipal	Board	2
6	Dartmouth Sportsplex	Municipal	Board	1
7	Devonshire Arena	Municipal	Municipal	1
8	Eastern Shore Centre	Municipal	Board	1
9	Grey Arena	Municipal	Municipal	1
10	Halifax Forum Complex	Municipal	Board	2
11	Lebrun Arena	Municipal	Municipal	1
12	Sackville and District Community Arena	Private NFP	Private NFP	1
13	Sackville Sports Stadium	Municipal	Municipal	1
14	Saint Mary's Alumni Arena	Private	Private	1
15	Scotia Bank Centre	Municipal	Board	1
16	Shearwater Arena	Private DND	Private DND	1
17	Spryfield Arena	Municipal	Board	1
18	St Margaret's Centre	Municipal	Board	2
	<b>Total Sheets of Ice</b>	<b>24</b>		
	<b>Total Buildings</b>	<b>18</b>		
	<b>Total Owners</b>	<b>5</b>		
	<b>Total Management Groups</b>	<b>14</b>		

Attachment 2

## STRATEGIC STUDIES PROJECT CHARTER

<b>PROJECT NAME:</b>	Recreation Fee Study
<b>PREPARED BY:</b>	Denise Schofield
<b>DATE:</b>	December 21, 2015

VERSION HISTORY:		
Version	Date	Reason for Update / Sponsor's Signature for Approval (Out-of-scope requests require an impact analysis to project costs, resources, schedule and risk to success before approval is be provided.)
1.		
2.		

PROJECT DELIVERABLES: <i>(What does success look like? What questions does the study need to answer to fulfill its mandate? What are the product outcomes? )</i>	
#	Question To Be Answered By Study
1.	What are the optimal fees to be charged throughout the Region, including community-run facilities?
2.	What is best practice for setting parks & recreation fees inclusive of consideration for individual/group/community subsidies?
3.	

PROJECT DESCRIPTION / SCOPE: <i>(What value does the study add to the organization? What factors determine in or out of scope?)</i>
<p>The study will allow HRM to ensure that all fees are set using consistent criteria and appropriate cost recovery levels. It will further enable a review of current application methods for fees to determine any necessary changes including an appropriate support program that is applicable to all programs and services with updated criteria.</p> <p>Factors that will determine the scope include those that only impact the fee structure or subsidization program. Any business process improvements determined through this process that do not directly impact those aspects will be deemed out of scope and implemented separately.</p>

<b>REGIONAL COUNCIL DIRECTIVE / PRIORITY OUTCOME:</b> <i>(Which Council Motions or Strategic Initiatives will the Study address?)</i>	
Healthy Communities Focus Area Parks & Recreation 2016/17 Business Plan	

<b>FINANCIAL IMPLICATIONS:</b> <i>(Project Manager is required to submit quarterly financial projections to the Director of Finance &amp; ICT)</i>		
<b>Total Cost of Study</b>	120,000	
<b>Expenditures by Fiscal Year</b>	<b>Year 1</b>	120,000
	<b>Year 2</b>	
	<b>Year 3</b>	
<b>SAP Cost Centre(s)</b>	C705	
<b>Assumptions</b>	<ul style="list-style-type: none"> <li>• Completion of the project in one fiscal year</li> <li>• Staff is seeking the support of an external consultant to facilitate delivery of expert, timely (six months after contract award), and impartial advice</li> <li>•</li> <li>•</li> </ul>	

<b>PROJECT TIMELINE:</b> <i>(Project Manager is required to submit quarterly milestones' status update and impact to Study's End Date to the Director of Finance &amp; ICT)</i>			
<b>Start Date:</b>	April 1, 2016	<b>End Date:</b>	March 30, 2017
<b>Milestones</b> <i>(What action or product needs to occur to reach each milestone? Include any Procurement timelines.)</i>			<b>Completion Date</b>
RFP released and approved			May 15, 2016
Initiation of contract with consultant			May 30, 2016
Jurisdictional scan completed			June 30, 2016
Review of current parks & recreation fees/Analysis of HRM subsidization rate			October 30, 2016
Draft fee structure			January 30, 2017

Draft assistance program and criteria	February 28, 2017
Final Report with implementation plan	March 30, 2017

**Next Steps:**

*(What actions are expected once the Study is complete? What areas of public service may be impacted? Is there a hand-off to a process owner or implementation plan?)*

Once study is completed, implementation of updated fee structure and subsidy program will occur. Changes will require roll out to all Parks & Recreation staff, user groups and the public.

**PROJECT TEAM / STAKEHOLDERS:**

*(Including external contributors, other Business Units to be operationally impacted by the Study results, and administrative support Business Units)*

<b>Name</b>	Denise Schofield	<b>Role</b>	Project Manager
<b>Name</b>	Barb Palmeter	<b>Role</b>	Sr. Financial Consultant
<b>Name</b>	Angela Green	<b>Role</b>	Recreation Expertise
<b>Name</b>	Ray Walsh	<b>Role</b>	Parks Expertise
<b>Name</b>	Donna Jay	<b>Role</b>	Recreation fee SME
<b>Name</b>	Ann Wambolt	<b>Role</b>	Booking/fee SME

**PROJECT COMMITMENT:**

The Charter documents the formal conversation between the Project Sponsor and Project Team.

The agreement communicates the high-level lifecycle of the project, including the definition of success and resource requirements.

<b>PROJECT MANAGER</b>	Denise Schofield
<b>PROJECT SPONSOR</b> (Business Unit Director)	Brad Anguish
<b>DIRECTOR OF FINANCE &amp; ICT</b> (approval for Q330 funding)	Amanda Whitewood