
2004 BUDGET BRIEFING NOTE

Arena Boards of Management–Performance Measures Update

Issue/Background:

At the February 18, 2004 meeting of the Budget Advisory Committee to review the 2004 Operating Budget of the Arena Boards of Management program, the Budget Advisory Committee requested the Chief Financial Officer and Treasurer to provide a Performance Measures update for the Budget Advisory Committee wrap-up meetings in March 2004.

Although a 2004 Performance Measures Summary was included in the Analyst Notes, it was incomplete as not all Arena Boards provided performance measurement data for 2002 and 2003 actual and 2004 target.

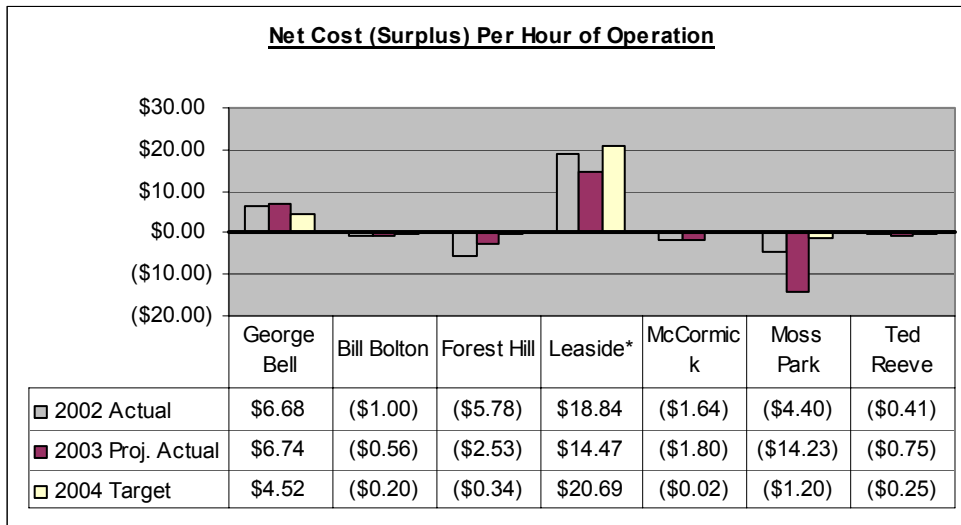
This briefing note provides an update of the performance measures summary which now includes seven out of the eight arenas, as of March 24, 2004.

Key Point(s):

- The updated 2004 Performance Measures Summary below includes information from seven arenas (George Bell, Bill Bolton, Forest Hill, Leaside Gardens, McCormick, Moss Park and Ted Reeve Arenas).
- One arena (North Toronto Memorial Arena) has not provided performance measure information as requested by the Budget Advisory Committee.
- **Performance Measures:** The following summary includes two common performance measures relevant to the Arena Boards of Management program that measures efficiency and shows how each Arena is performing relative to industry benchmarks – operational efficiency from a financial perspective and ice utilization.
 - **Operational Efficiency – Net Cost per Hour of Operation** – A key mandate of an Arena Board of Management is to manage and operate the arena (a City-owned asset) effectively and efficiently at no cost to the City. The goal is to have a neutral impact on City finances by generating sufficient revenue to fund operations. The “net cost per hour of operation” measurement is a common performance measure in the industry and is applicable to the Arena Boards to determine how each arena is performing.

As six Arena Boards are able to break even or generate a net surplus over the years and anticipated in 2004, they show a net revenue or surplus per hour of operation while two

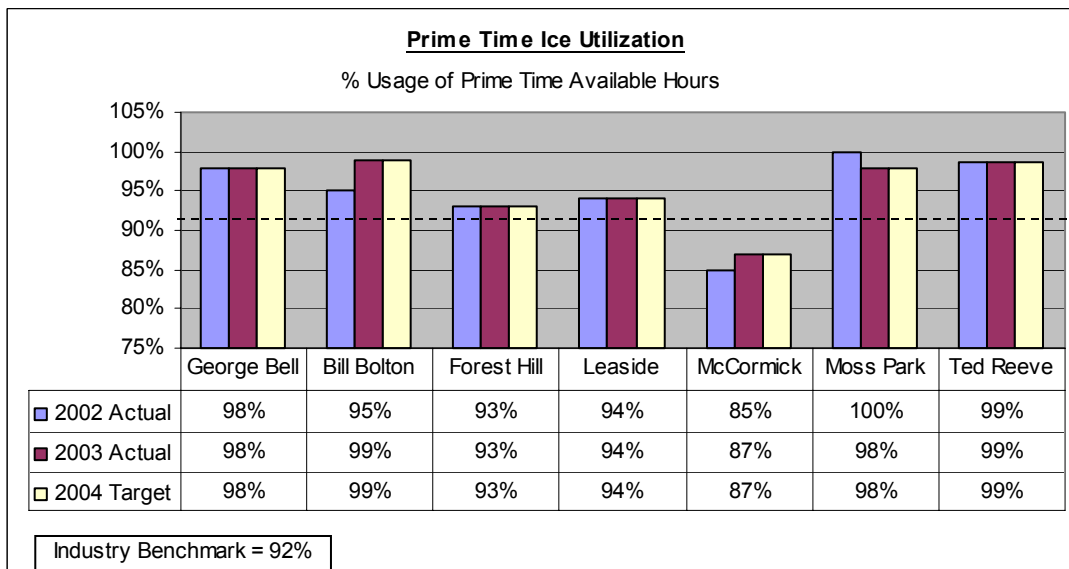
other Arena Boards with net operating deficits in 2002, 2003 and net budget deficits proposed for 2004 show a net cost per hour of operation.



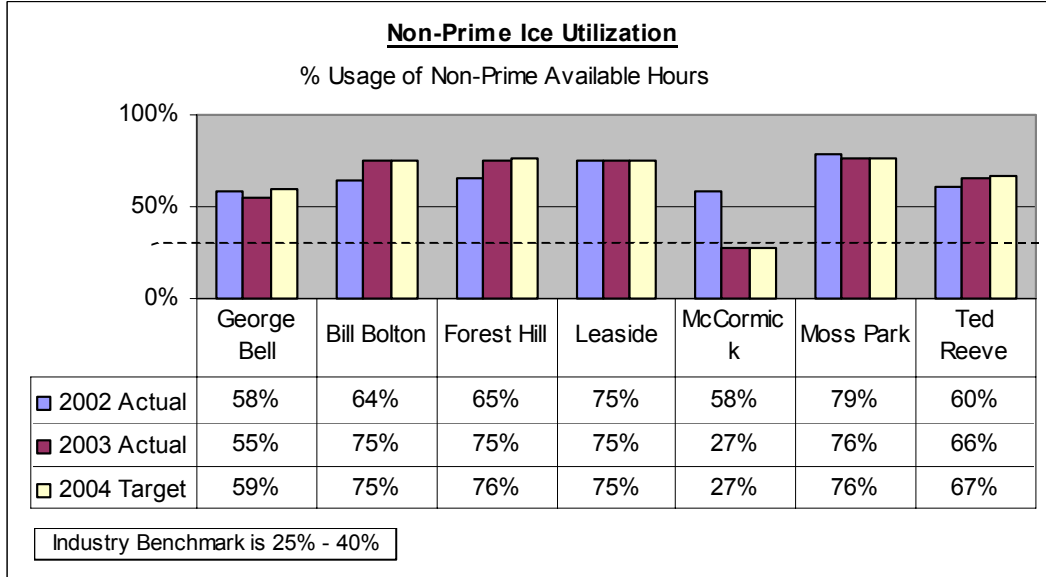
*Leaside's net cost per hour of operation includes historical capital financing of \$25.7K annually or \$6.18 per hour.

- **Prime Time Ice Utilization – % Usage of Prime Time Available Hours** - This industry benchmark or yardstick measures capacity utilization; how the ice is being used and allocation of hours of usage. The measurement looks at hours available versus hours booked during prime time hours. The industry benchmark for prime time ice utilization is 92% booked for a standard ice season. All eight arenas are operating at capacity for prime time ice which is just under 2000 prime ice time hours. Those Arena Boards that have provided data show that they are operating within the industry benchmark of 92% rental of prime time ice or nearly fully booked for the whole ice season. Prime time ice utilization is fairly constant from year to year.

McCormick Arena's 87% prime time ice utilization is a composite figure for the two ice surfaces combined. Although both the large and small ice rinks are fully booked during prime time hours, the smaller ice surface is more difficult to rent out and is mainly used for shinny.



- **Non-Prime Ice Utilization** – % Usage of the Non-Prime Available Hours - As ice utilization is broken out into prime time ice and non-prime ice, non-prime ice comprise mostly daytime ice and late night ice during Mondays to Fridays. The industry benchmark for non-prime ice utilization ranges from 25% to 40% average rental for the standard ice season for a good arena. Those Arena Boards that have provided data show that they are averaging 55% to 79% rental of non-prime ice time which is well above the industry benchmark.



McCormick Arena's 27% utilization of non-prime ice time represents a composite figure for the two ice surfaces combined, one large and one small ice rink, and is within the industry benchmark range of 25% - 40%. The small rink is difficult to rent out at the best of times, but during the day there is little demand for it except for shinny.

Date: March 23, 2004