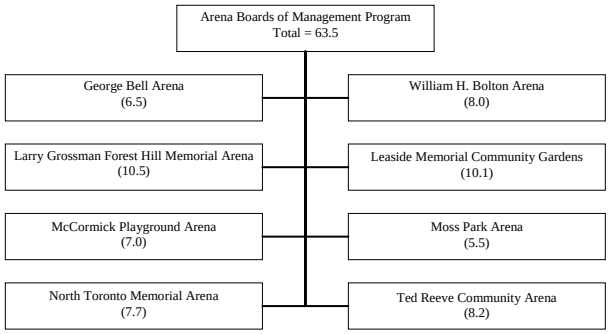
Arena Boards of Management

The Arena Boards of Management provide safe, full and equitable access to high quality indoor and outdoor ice sport recreational facilities that are managed effectively and efficiently to provide opportunities for physical fitness and sport skill development through individual and team activities in response to local community needs.

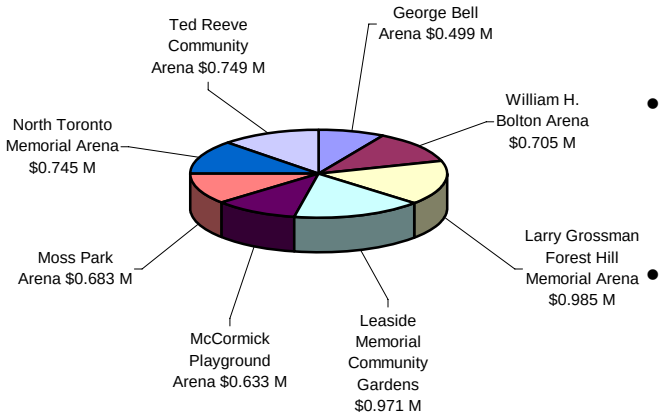
Program Profile



2007 Key Strategic Directions and Priorities

- Continue to provide high quality facilities and recreational opportunities that respond to community needs.
- Manage operations using the best available practices to minimize the need for operating support from the taxpayer.

2007 Recommended Operating Budget by Service
Total = $5.969 M (Gross)



2006 Key Accomplishments

- Three arenas (William H. Bolton, Forest Hill, Moss Park) generated a net surplus in 2006 and two other arenas (Leaside, Ted Reeve) reported a smaller net deficit than the 2006 approved budget.
- McCormick Arena underwent major renovations as part of the planned 2006 Parks, Forestry and Recreation state-of-good-repair Capital Program.
- The City Manager's Office is currently undertaking a Relationship Framework Review with the Arena Boards of Management. Completion of this review is expected by mid 2007.

2008 / 2009 Outlook

The Arena Boards of Management will continue to provide high quality facilities and recreational opportunities that respond to community needs. All eight arenas are expected to be fully operational with no disruption of service as there are no major renovations of these arenas planned for 2008 and 2009. The financial outlook is for six arenas (William H. Bolton, Forest Hill, McCormick, Moss Park, North Toronto, Ted Reeve) to break even or generate an operating surplus while two other arenas (George Bell Arena and Leaside Gardens) continue to reduce their need for operating support from the City.

Background

Program Objectives for 2007

The Arena Boards of Management's mandate is to do the following:

1. Provide equitable access to high quality indoor and outdoor ice sport recreational opportunities by:
   - maintaining physical facilities at a high standard
   - maintaining a high level of responsiveness to community needs
   - providing a high standard of public service to the community
   - ensuring that program offerings reflect present and emerging community interests and requirements

2. Effectively and efficiently manage operations without imposing operating costs on the taxpayer by:
   - minimizing operating expenditures by using the best management practices available
   - pursuing present and emerging revenue opportunities to minimize support from the taxpayer
   - pursuing opportunities to provide new or improved programs or services in response to emerging community needs
   - maximizing opportunities to generate supplementary revenues from accessory operations to support arena operations

Service Description:

The Arena Boards of Management include activities that:

- Provide opportunities for physical fitness and sport skill development through individual and team activities in response to local community needs.
- Provide safe, full and equitable access to high quality indoor and outdoor ice sport recreational facilities that are managed effectively and efficiently.

Service Levels provided:

- Prime time ice utilization at or near full capacity at all arenas, exceeding the industry benchmark of 92%.
- Non-prime (day time, Mon.-Fri.) ice utilization ranging from 51% to 77%, exceeding the industry benchmark of between 25% to 40%.
- In-house programming such as house league hockey, hockey schools, summer hockey camps, skating lessons, power skating and figure skating.
- Ancillary operations including snack bar/vending service, pro shops, skate sharpening, meeting and banquet facilities.
- Operation of outdoor artificial ice rinks on behalf of Parks, Forestry and Recreation (North Toronto; Ted Reeve contracted services to Beaches Sportco). adjacent outdoor ice rinks.
- Swimming pool programmed and operated by Parks, Forestry and Recreation (Leaside).
- Maintain physical facilities at a high standard.

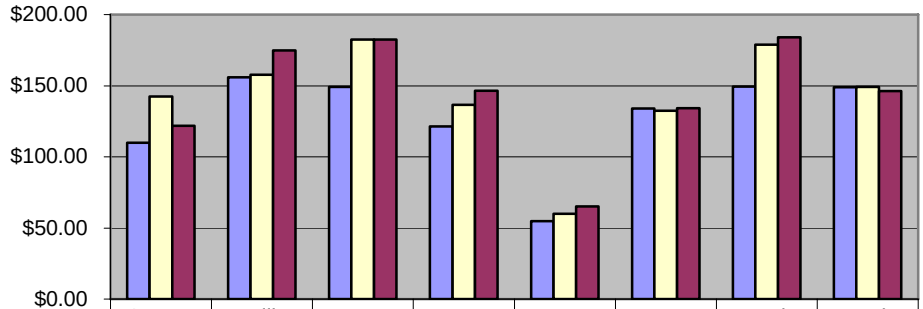
Emerging Challenges and Opportunities:

- ***Annual increases in labour costs and operating costs driven by economic factors and City contractual obligations poses a challenge to the Arena Boards' ability to break even financially or minimize imposing operating costs on the taxpayer.***
- ***Aging facilities and equipment requiring more frequent and more costly repairs and maintenance.***
- ***Completion of the Relationship Frame-work Review in 2007 will improve working relationships with the City.***

Key Performance Measures:

- **Efficiency Measures:**

Total Cost Per Hour of Operation



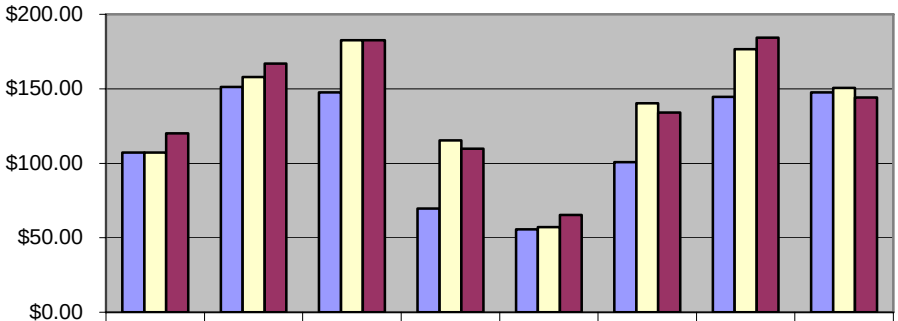
	George Bell	Bill Bolton	Forest Hill	Leaside*	Mc Cormick	Moss Park	North Toronto	Ted Reeve
2005 Actual	$109.83	$155.98	$149.22	$121.39	$54.78	$133.84	$149.45	$149.07
2006 Actual	$142.51	$157.78	$182.55	$136.71	$60.05	$132.40	$178.97	$149.23
2007 Target	$121.82	$174.80	$182.49	$146.48	$65.24	$134.08	$184.11	$146.40

*Leaside Gardens' total cost per hour of operation includes historical capital financing/debt repayment of $25.7K annually or $6.18 per hour.

Total cost of arena operations include salaries/wages and benefits for 55% of the total costs, materials and supplies, furniture and equipment purchases that cost less than $50,000 (non-capitalizable), facilities and equipment repairs and maintenance, utilities, contracted services labour and materials, other services and rents, program expense (materials and contracted labour), direct costs of ancillary operations (food products purchased for the snack bar and vending machines, pro shop goods for sale, skate sharpening, equipment for banquet and meeting facilities), general administration expenses, contributions to the ice resurfacer replacement reserve, and the direct costs of operating the swimming pool and historical capital financing/debt repayment including interest in the case of Leaside Gardens.

Total cost per hour of operation fluctuations from year to year are attributed to arena closures for various lengths of time for major renovations (William H. Bolton Arena in 2007). Other distortions of the total cost per hour of operation include emergency repairs and extraordinary/one-time human resources costs as in the case of George Bell Arena in 2006, and the quantity and dollar values of the small repairs and maintenance projects undertaken by the arena.

Revenue Per Hour of Operation

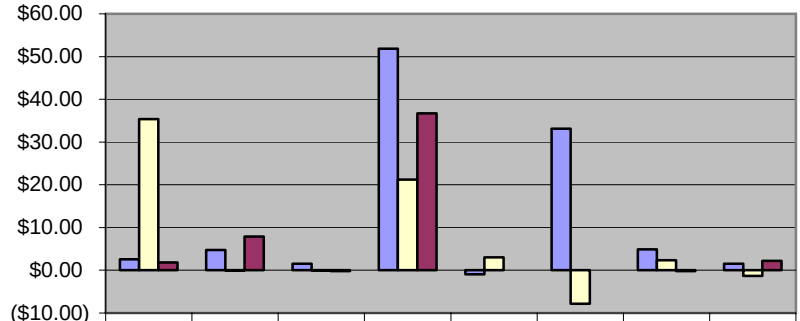


	George Bell	Bill Bolton	Forest Hill	Leaside	Mc Cormick	Moss Park	North Toronto	Ted Reeve
2005 Actual	$107.24	$151.23	$147.67	$69.55	$55.73	$100.72	$144.58	$147.53
2006 Actual	$107.15	$157.80	$182.58	$115.46	$57.05	$140.20	$176.61	$150.53
2007 Target	$119.99	$166.87	$182.70	$109.79	$65.24	$134.09	$184.30	$144.20

Total revenue from operations includes user fees - ice time rental fees, program registrations, facility rental fees; service charges; outdoor rink service fees (North Toronto); pool rental fee (Leaside); contracted services to third party (Ted Reeve); accessory operations – snack bar and vending machine sales, pro shop sales, skate sharpening; advertising and other one-time revenues.

Revenue per hour of operation fluctuations from year to year can be caused by demand changes, arena shutdown for major renovation, emergency repairs, sales revenue from ancillary operations, one-time revenue from film shoots.

Net Cost (Surplus) Per Hour of Operation



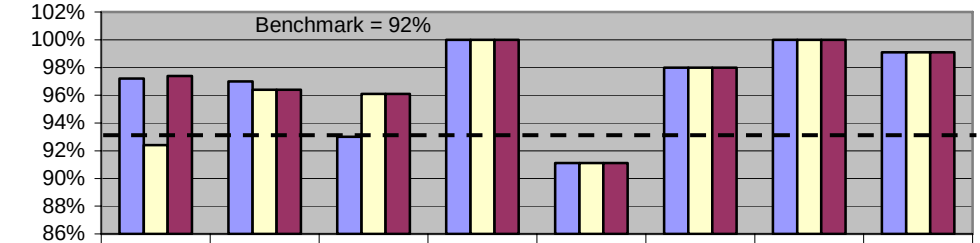
	George Bell	Bill Bolton	Forest Hill	Leaside *	Mc Cormick	Moss Park	North Toronto	Ted Reeve
2005 Actual	$2.59	$4.75	$1.55	$51.84	($0.95)	$33.11	$4.87	$1.54
2006 Actual	$35.36	($0.02)	($0.03)	$21.25	$3.00	($7.80)	$2.36	($1.30)
2007 Target	$1.82	$7.93	($0.21)	$36.69	$0.00	$0.00	($0.19)	$2.20

Net Cost (Surplus) 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. Arenas that break even or generate a net surplus show a net revenue (net surplus) per hour of operation while arenas with net operating deficits or net budget deficits show a net cost per hour of operation.

Net cost per hour of operation fluctuations from year to year can be caused by unanticipated demand changes in ice rental and variable sales from accessory operations, arena shutdown for major renovation, emergency repairs, one time revenues, the type and dollar value of repairs and maintenance projects.

Prime Time Ice Utilization

% Usage of Prime Time Available Hours



	George Bell	Bill Bolton	Forest Hill	Leaside	Mc Cormick	Moss Park	North Toronto	Ted Reeve
Actual	97%	97%	93%	100%	91%	98%	100%	99%
Actual	92%	96%	96%	100%	91%	98%	100%	99%
Target	97%	96%	96%	100%	91%	98%	100%	99%

Industry Benchmark = 92%

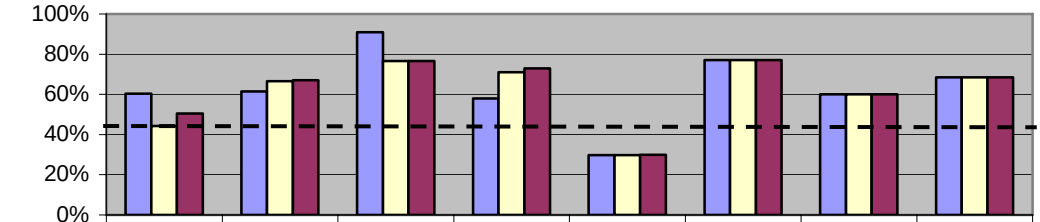
Prime Time Ice Utilization - % Usage of Prime Time Available Hours: This industry yardstick measures capacity utilization; how the ice is being used and allocation of hours of usage. The measurement looks at hours available versus hours booked during prime time hours. The industry benchmark for prime time ice utilization is 92% booked for a standard ice season. All eight Arena Boards are operating at or near full capacity for prime time ice which is just under 2000 prime ice time hours. All Arena Boards 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 very constant from year to year.

Any fluctuation in prime time ice utilization from year to year is probably due to emergency repairs of mechanical system breakdowns posing a health and safety risk to ice users as in the case of George Bell Arena in 2006.

McCormick Arena's 91% 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 hockey.

Non-Prime Time Ice Utilization

% Usage of Non-Prime Time Available Hours



	George Bell	Bill Bolton	Forest Hill	Leaside	Mc Cormick	Moss Park	North Toronto	Ted Reeve
Actual	60%	62%	91%	58%	30%	77%	60%	69%
Actual	44%	67%	77%	71%	30%	77%	60%	69%
Target	51%	67%	77%	73%	30%	77%	60%	69%

Industry Benchmark is 25% - 40%

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. Seven out of eight Arena Boards show that they are averaging 51% to 77% rental of non-prime ice time which is well above the industry average.

McCormick Arena's 30% 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 the small ice surface except for shinny which does not generate much revenue.