

BUDGET COMMITTEE - NOVEMBER 30, 2005

SPORTS VILLAGE SUBSIDY PROGRAM

Recommendation

The Commissioner of Community Services and the Director of Recreation and Culture recommend:

That the following report on the Sports Village Subsidy Program be received for information purposes.

Economic Impact

There is no economic impact as this is an information item only.

Purpose

The purpose of this report is to provide information on the current Sports Village Subsidy program including a comparison with area municipalities.

Background - Analysis and Options

At the Budget Committee meeting of October 28, 2005, as part of the discussion relating to the 2006 Draft Operating Budget, staff were directed to provide a report addressing the current Sports Village Subsidy program, including a comparison with area municipalities.

The agreement between the City of Vaughan and the Mentena Group (operator's of The Sports Village (TSV)) regarding the arena subsidy program states that the city will guarantee the purchase of 5,440 hours of ice annually. The breakdown is 4,480 hours in the fall, winter, spring seasons and 960 hours in the summer season. The hourly ice cost for 2006 is \$198.00 and the annual cost will be \$1,074,805.

In turn, the City of Vaughan sells as many hours as possible to the minor ice sport organizations at the Council approved subsidized rate of \$143.00 with an anticipated total sales figure of \$720,940 in 2006.

The difference between the purchase price of \$198.00 and selling price of \$143.00 (\$55.00) results in the net subsidy of \$353,865.

In 2004, as part of the budget process, an initiative to eliminate the subsidy in question was presented to Council. The initiative specified that the city could charge the minor sports organizations the same hourly rate being charged to the city by TSV resulting in a cost neutral scenario for the city.

In response to this 2004 budget initiative, representatives of the minor organizations appeared before Council to outline their concerns. They argued that the premise of the agreement with TSV was to offer the residents much needed ice time without having to contend with the capital and operating costs to build and operate similar facilities.

Council did not approve this initiative and directed that any possible change to the subsidy program be addressed during the 2005 budget deliberations.

Since the 2004 budget process, staff have met with the various users to ascertain their sensitivity for different pricing strategies for ice facilities. For example, arenas could be classified based on a pre-set criteria and different fees could apply according to the ratings, as is the current practice for soccer fields and baseball diamonds (premium, senior etc).

The sports groups were not in support of any system that could ultimately increase the cost of their program to their users. This, coupled with the fact that the related Council approved fee schedule is expiring in April of 2006 and the results of the user fee study are pending, no change to the subsidy program was included in the 2005 budget. **This issue was further explored as part of the Recreation and Culture User Fee Study and the findings will be presented to the Budget Committee of November 30th, 2005 under separate cover.**

Analysis:

The following information on the various minor hockey organizations lists the number of members and the scope of their program:

<u>Group</u>	<u>Members</u>	<u>Program</u>
City of Vaughan Hockey	3,000+	House league and rep; all Vaughan arenas used
Vaughan Panthers	400+	Rep; primarily play out of TSV and Woodbridge
Vaughan Girls	400+	House league and rep; TSV and AI Pal

The following chart shows the financial impact of eliminating the subsidy program to the minor hockey organizations (based on a full year):

<u>Group</u>	<u>Hrs/wk</u>	<u>Wks/yr</u>	<u>Impact (55.00)</u>
City of Vaughan Hockey	57	32	\$100,320
Vaughan Panthers	32	32	\$56,320
Vaughan Girls	25	32	\$44,000

Does not include summer ice.

Comparison with Area Municipalities:

A survey in the surrounding municipalities was conducted to source and review similar public/private partnerships and the associated subsidy program. Although there are a few municipalities at the preliminary stages (Innisfil and Ottawa), currently the only other municipality that was found with a similar arrangement is the City of Brampton. The findings are as follows:

<u>Municipality</u>	<u>Agreement</u>	<u># of Arenas</u>	<u>Subsidy/Terms</u>
Vaughan	5440 hours guaranteed	4	Ice purchased at \$198/hr and sold at \$143/hr. Annual subsidy \$353,865.
Brampton	1680 hours guaranteed	4	Ice purchased at \$250/hr and sold at \$125/hr for 1120 hours and \$140/hr for 560 hours. Annual subsidy \$201,600.

Note: Vaughan's users have access to 69% more hours than Brampton. In addition, due to higher user fees in Vaughan, Vaughan's cost recovery on all hours is 72.2% while Brampton's cost recovery is 50% for 1120 hours and 56% for the remaining 560.

Relationship to Vaughan Vision 2007

This report is in keeping with the Vaughan Vision 2007 as it strives to pursue excellence in the delivery of core services.

This report is consistent with the priorities previously set by Council and the necessary resources have been allocated and approved.

Conclusion

At the Budget Committee meeting of October 28th, 2005, as part of the discussion relating to the 2006 Draft Operating Budget, staff were directed to provide a report addressing the current Sports Village Subsidy program including a comparison with area municipalities.

Attachments

None

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Respectfully submitted,

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Commissioner of Community Services