

CITY OF HAMILTON

**COMMUNITY SERVICES DEPARTMENT
Recreation Division**

TO: Chair and Members Emergency & Community Services Committee	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: November 12, 2012	
SUBJECT/REPORT NO: Ice Rates for Junior Hockey Clubs (CS12033) (City Wide) (Outstanding Business List Item)	
SUBMITTED BY: Joe-Anne Priel General Manager Community Services Department	PREPARED BY: Steve Sevor 905-546-2424 ext. 4645 Alexa Mattie 905-546-2424 ext. 3861
SIGNATURE:	

RECOMMENDATION

- (a) That the recommended criteria to determine ice rental rates to be charged to Ontario Hockey Association junior teams utilizing City of Hamilton municipal arenas for the 2012-2013 season, be approved as follows:

Eligibility Criteria	Ice Rate to be Paid (excluding HST)
(i) 80% or more of the team players being Hamilton residents	\$125.29 (Affiliated rate - 50% of full rate)
(ii) 25% to 79% of the team players being Hamilton residents	\$173.84 (75% of full rate)
(iii) Less than 25% of the team players being Hamilton residents	\$231.79 (Full rate)

- (b) That the new criteria for determining ice rental rates for Ontario Hockey Association junior teams be included as an addendum to the City's existing Sport Organization Affiliation Policy; and,

- (c) That the outstanding business item identified as “Letter from OHA re: Ice Costs Based on Player Residency” be removed from the outstanding business list.

EXECUTIVE SUMMARY

A letter from the now former President of the Ontario Hockey Association (OHA) was received by Council on May 9, 2012 (attached as Appendix A to Report CS12033). The letter expressed concern over ice rates being paid by junior hockey teams in Hamilton and, in particular, how these rates were tied to player residency requirements.

The OHA asked Council to reconsider this policy on the grounds that it made it more difficult for junior teams to remain competitive on the ice and financially sustainable. Council directed staff to report back to the Emergency and Community Services Committee.

The City of Hamilton currently subsidizes youth affiliated ice user groups based on 50% of the annual operating costs for City run ice arenas. Ice user groups (e.g. hockey associations and figure skating clubs) must be in compliance with the City of Hamilton’s “Sport Organization Affiliation Policy” to be eligible for the affiliated rate. For the purposes of the Affiliation Policy “children and youth” are considered to be individuals who are 18 years of age or younger, as per the Ice Allocation Principles approved by Council in 2002.

To qualify for the “affiliated rate” (also referred to as the “subsidized rate”), the league or club must comply with certain criteria, including:

- Must serve children and youth (adult leagues and clubs are not eligible).
- Membership base must be comprised of 95% Hamilton residents.

The ice rental rates approved by Council for the 2012-2013 season will be \$231.79 for the full rate and \$125.29 for the affiliated rate.

Currently, there are four Ontario Hockey Association (OHA) junior teams playing in City owned arenas. These are the Hamilton Junior A Redwings, Stoney Creek Junior B Warriors, Glanbrook Junior C Rangers, and the Dundas Junior C Blues.

The Junior C teams in Hamilton are close to meeting the 95% residency requirement (both teams at approximately 90%). This is in part because the Junior C teams are subject to league rules that require them to draw players from their local area (City of Hamilton) and have fairly restrictive “import” rules. The Junior B Warriors are also subject to local recruitment rules but have more liberal “import rules” than the Junior C teams. This effectively prevents them from having player rosters that reach anywhere near the 95% Hamilton residency mark. The Junior A Red Wings are not subject to local recruiting rules. They have made efforts to meet the City’s residency requirements but, to date, have achieved only partial compliance.

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Players on the junior teams range in age from 16 to 21 (the average age being 18). League rules limit the number of older players teams can have on their rosters. Therefore, there will always be a mix of players under and over the age of 18 on each team's roster. However, it would not be accurate to suggest that the junior teams are solely "youth" focused within the accepted meaning of the Affiliation Policy and Ice Allocation Principles.

Notwithstanding the non-compliance issues with the affiliation policy, past practice has been to offer the junior teams the affiliated rate, either in whole or in part, based on their demonstrated efforts to meet the affiliation policy criteria. This has been done to assist them in maintaining financial sustainability so that they can continue to provide quality hockey entertainment and playing opportunities in the City of Hamilton. However, this practice has been applied by staff on a discretionary basis from year to year in the absence of a Council approved ice rental rate for Hamilton based junior hockey teams.

Staff is recommending that new criteria be approved by Council that will be used to determine which existing ice rental rate will be charged to OHA junior hockey teams. The recommended criteria are based on residency requirements and are consistent with the spirit of the City's existing affiliation policy. It also recognizes the unique challenges that junior teams face in meeting residency and "youth" focused requirements. These include balancing the need for teams to be competitive (on the ice) and maintain financial sustainability while meeting the requirements of the affiliation policy.

The recommended criteria and existing ice rates to be paid (expressed in per hour rental charge) are as follows:

Eligibility Criteria	Existing Ice Rate to be Paid (excluding HST)
(i) 80% or more of the team players being Hamilton residents	\$125.29 (Affiliated rate - 50% of full rate)
(ii) 25% to 79% of the team players being Hamilton residents	\$173.84 (75% of full rate)
(iii) Less than 25% of the team players being Hamilton residents	\$231.79 (Full rate)

Note: Rates above are subject to change on an annual basis if approved by Council (as per User Fees by-law)

The recommended criteria will not result in any change to the ice rental rates currently being charged to Hamilton based junior teams (assuming that team roster profiles remain relatively unchanged).

The criteria being recommended will allow both the Junior B and C teams in Hamilton to take full advantage of their roster import rules without jeopardizing their eligibility for an affiliated ice rental rate.

It is important to note that what is being recommended will not result in the establishment of new ice rental rate fees. What is being recommended is a Council approved criteria that Recreation staff can apply to determine which existing ice rental rate fee should be charged to OHA junior teams.

The criteria being recommended would apply to existing and future OHA Junior teams located in Hamilton.

Alternatives for Consideration – Not Applicable

FINANCIAL / STAFFING / LEGAL IMPLICATIONS

Financial:

Adoption of the recommended ice rate categories and related criteria for junior teams would be revenue neutral if current roster profiles remain relatively stable. The current rates being charged to each of the junior teams would remain unchanged in 2012-2013.

Staffing:

There are no staffing implications associated with Report CS12033.

Legal:

There are no legal implications associated with Report CS12033.

HISTORICAL BACKGROUND

Sport Organization Affiliation Policy and Ice Allocation Principles

Prior to amalgamation, each of the former municipalities had applied different ice rental rates for their respective arenas. This resulted in inconsistent ice rental fees being applied after amalgamation took place. These inconsistencies were later addressed when Council approved the “Sport Organization Affiliation Policy”, “Ice Allocation Principles” and resulting Ice Plan (Report CS02073) in August, 2002. The adoption of these policy instruments allowed for the establishment of a consolidated City-wide ice allocation plan and uniform ice rental rates.

Some of the principles in determining ice allocation and ice rates flowing from these policies include:

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- The priority for ice allocation would be directed to affiliated minor (youth) ice organizations that met all the requirements of the City's Affiliation Policy;
- Ice rental rates would be identical at arenas throughout the City; and,
- The "affiliated" ice rate would represent a 50% subsidy of the total per hour ice rental rate. This rate has since been changed to represent 50% of total arena operating costs.

To qualify for the "affiliated rate" the sport organization or club applying for the rate must comply with certain criteria, including:

- Must serve children and youth (adult leagues and clubs are not eligible).
- Membership base must be comprised of 95% Hamilton residents.

The underlying assumptions behind the above criteria are:

- Subsidizing ice rental rates for youth programs will make sport opportunities more affordable and accessible.
- Subsidizes should be extended primarily for the benefit of Hamilton residents.

Organizations applying for the affiliated rate must provide supporting documentation, including an attestation of total membership and residency status of its members, proof of insurance, governance and financial information.

OHA Junior Hockey Teams in Hamilton

The OHA junior hockey teams playing in Hamilton have been allocated ice time based on traditional requirements over the years. The rental rates they have paid are subsidized to varying degrees even though they do not meet all of the requirements of the affiliation policy. This has been done in a manner that is consistent with the "spirit" of the policy.

There are four OHA junior hockey teams currently playing in Hamilton municipal arenas; the Hamilton Junior A Redwings, Stoney Creek Junior B Warriors, Glanbrook Junior C Rangers, and the Dundas Junior C Blues.

Discounted rates (e.g. ice rental rates that are lower than the full rate approved by Council) have been extended to Hamilton based OHA junior teams in recent years for a number of reasons. Most significantly, junior level hockey offers the local community a top brand of hockey competition and entertainment. These teams strengthen the sense of community and community identification where they are active.

They also offer talented young Hamilton players an opportunity to play and develop at a high level of competition in their own communities. Therefore, there is a perceived value in maintaining these franchises as valuable community assets.

The Dundas Junior C Blues and the Glanbrook Junior C Rangers have achieved approximately 90% Hamilton residency rate and they have been extended the full affiliated ice rental rate (50% subsidy).

The Stoney Creek Junior B Warriors and the Hamilton Junior A Red Wings have been unable to meet the residency requirements of the affiliation policy. In 2011-2012 the Warriors roster was comprised of approximately 55 to 60% Hamilton residents. The Red Wings roster was comprised of approximately 25% residents at the end of last season. It is important to note that the rosters of junior teams fluctuate throughout the season and this impacts the percentage of Hamilton residents that a team will have on its roster at any given time.

The Hamilton Red Wings in particular, who play in a league where there are no requirements to use local players, have pressed the case that it would be difficult for them to remain competitive on the ice if they were obligated to fill their roster with just Hamilton residents. However, both the Red Wings and Warriors have made strides in recent years to meet these requirements and have committed to continuing their efforts. As a result, both teams have been extended the rate of 75% of the full ice rental rate.

The ice rental rates that have been offered to junior teams have been offered at the discretion of staff in the absence of a Council approved ice rental rate for junior hockey teams. However, these rates were based on an understanding with the Hamilton based junior teams that they would have to fulfil residency requirements to qualify for specific ice rental rates. The guideline currently being used by staff is that junior teams must meet a 90% residency requirement to be eligible for the 50% rate subsidy.

The junior teams currently based in Hamilton are registered as not-for-profit corporations. In 2011-2012 all four junior teams operated at an overall financial loss. Each team has modest revenue streams comprised of ticket sales, sponsorships and some advertising revenue. However, these revenues have not typically been enough to cover all the costs of operating the franchises. The City has traditionally assisted these franchises by offering them lower ice rates and dedicated space in their home arenas at no charge (e.g. dressing and equipment rooms).

Residency Rates vs. Competitiveness on the Ice

All of the junior teams in Hamilton have been compelled to make every effort to comply with the residency rate requirements because it is essential to their financial survival to obtain a discounted ice rental rate. However, the junior teams have expressed the concern that their ability to compete on the ice is being compromised to a certain extent by the City's existing practice of tying discounted ice rates to a residency requirement.

For example, the Junior C teams have stated that they are prevented from taking full advantage of their league's "import" rules given that they must comply with a residency requirement to obtain the 50% affiliated subsidized ice rate.

The maximum roster for OHA Junior C teams is 23 players. League rules stipulate that teams must draw players from their designated local areas. In the case of the Glanbrook Rangers and Dundas Blues this area is defined as the City of Hamilton. However, each team is allowed to have up to a maximum of 4 "imports" from outside their drawing area on their roster.

The Rangers and the Blues have contended that they reserve their "import" roster spots to recruit talented hockey players who reside outside of the City of Hamilton. However, the existing affiliation policy related to residency requirements (95%) and the staff guideline for junior teams (90%) effectively prevents them from utilizing all four "import" roster spots (4 imports on a roster of 23 players = 83% Hamilton residents). This puts them at a competitive disadvantage with the rest of the teams in their league given that these teams are not subject to residency requirements for cheaper ice rates and thus are able to utilize all 4 of their import roster spots (creates unequal playing field).

The criteria being recommended will allow both the Junior B and C teams in Hamilton to take full advantage of their roster import rules without jeopardizing their eligibility for the reduced ice rental rate they are currently being charged.

As stated above, the Hamilton Red Wings are in a different position than the other junior teams in Hamilton given that their league rules do not limit them to drawing players from a particular area or zone. This means that they must compete with other Junior A teams for all players on their roster, regardless of where they reside. They have argued that the imposition of onerous residency requirements will seriously impact their ability to compete with other teams in their league. The lower range of the residency requirement (25% Hamilton residents) to qualify for a 75% ice rental rate is being recommended in part to address these concerns.

Monitoring Compliance

The Recreation Division will monitor compliance with the residency requirements throughout the hockey season. Ice rental rates will be adjusted, if necessary, on an annual basis based on the previous season's results.

Practice in Other Municipalities

The City of Hamilton's approach with junior teams is consistent with the approach taken by other Ontario municipalities with junior teams based in their jurisdictions. There are twelve teams playing in the Niagara District Junior C league, including the Dundas Blues and Glanbrook Rangers. Recreation staff confirmed the rates charged by host municipalities in eight of the twelve locations. The municipalities in all but one location (Norwich) offered a "youth" rate or other discounted rate to their teams.

There are eight teams playing in the same conference (Golden Horseshoe Conference) as the Stoney Creek Warriors in the OHA's Junior B league. Recreation staff were able to confirm the rates charged in five of the eight municipalities that host a team in the Golden Horseshoe Conference and for one team that plays in the Mid-Western Conference (Guelph Hurricanes). A total of five municipalities offer their teams a "youth" rate or other discounted rate. The City of Guelph was the only municipality contacted that charged their Junior B team an "adult" rate.

Municipalities with OHA Junior A teams differ in how they treat their teams. Some offer a reduced ice rental rate. Others charge the full adult rate. Two municipalities contacted (Newmarket and Vaughan) required a roster comprised of 70% local residents for their teams to be eligible for a reduced ice rental rate. However, most of the municipalities contacted (with junior teams at any level) do not typically tie residency requirements to eligibility for discounted ice rental rates.

Appendix B to Report CS12033 contains the specific rates charged by municipalities contacted who host Junior OHA franchises.

POLICY IMPLICATIONS

In developing the recommendations proposed, staff have tried to be mindful of the City's Sport Organization Affiliation Policy and the underlying policy assumption that the affiliated/subsidized rate should only be extended to youth focused programs and for the benefit of Hamilton residents.

Staff have attempted to find a balance between being consistent with the spirit of the affiliation policy but also recognizing the unique challenges that junior teams face and their value to the local community.

RELEVANT CONSULTATION

Four OHA junior teams currently based in the City of Hamilton were contacted as well as the league offices for clarification of league rules and related policies.

The Junior C teams (Glanbrook and Dundas) support the criteria being recommended given that it allows them to utilize their league's import rules without jeopardizing their eligibility for the affiliated ice rate (50% subsidy).

The Junior B Stoney Creek Warriors have declared their intention to relocate the Warriors franchise from Valley Park Arena which is city run, to the privately operated Gateway Ice Centre when construction on the facility is completed. Therefore, the recommended eligibility criteria will not apply to them once the move has taken place.

However, had they decided to stay at Valley Park Arena, they would have preferred a residency requirement in the recommended criteria that allowed them to access the affiliated rate (50% subsidy) rather than the 25% subsidy rate they have been paying.

The Hamilton Red Wings have expressed significant concern with tying ice rental rates to specific residency requirements and how this might impact their ability to be competitive on the ice.

Sport Development staff in the Recreation Division have contacted a number of municipalities that also have OHA junior teams in their jurisdictions to understand the approach they have taken regarding ice rental fees.

Legal Services staff reviewed the Report and had no comments or concerns.

Finance and Administration have also reviewed the Report. They sought and received clarification on the point that the recommendations contained in the report would not result in the establishment of new fees.

ANALYSIS / RATIONALE FOR RECOMMENDATION

The ice rental rates currently being charged are on the lower side (bottom third) of rates being charged by other municipalities who have Junior A, B, and C teams playing in municipally operated arenas (attached Appendix B to Report CS12033).

The recommendation proposed strikes a fair balance between the policy direction provided in the City's Sport Organization Affiliation Policy (i.e. reserve subsidized rates for youth oriented programs and Hamilton residents) and the need to assist junior teams based in Hamilton as valuable assets to the community.

Approval of the recommendations will achieve the following:

- Ensure, to a greater degree, that subsidized rates offered by the City of Hamilton are being utilized for the benefit of Hamilton residents;
- Assist junior teams to maintain financial sustainability by offering a discounted ice rental rate and provide teams with greater certainty as it relates to ongoing operating expenses;

- Help to preserve Hamilton based junior hockey franchises as valued assets in the community; and,
- Provide clear direction on ice rental rates to be charged to existing and future junior hockey teams based in the City of Hamilton.

ALTERNATIVES FOR CONSIDERATION

None

CORPORATE STRATEGIC PLAN

Focus Areas: 1. Skilled, Innovative and Respectful Organization, 2. Financial Sustainability, 3. Intergovernmental Relationships, 4. Growing Our Economy, 5. Social Development, 6. Environmental Stewardship, 7. Healthy Community

Skilled, Innovative & Respectful Organization

- ◆ A culture of excellence.

Financial Sustainability

- ◆ Delivery of municipal services and management capital assets/liabilities in a sustainable, innovative and cost effective manner.

Growing Our Economy

- ◆ An improved customer service.

APPENDICES / SCHEDULES

Appendix A to Report CS12033 – Letter from President, Ontario Hockey Association

Appendix B to Report CS12033 – Ice Rental Rates Charged by Municipalities who host Junior OHA franchises



Ontario Hockey Association

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www.ohahockey.org • oha@in.on.ca

May 1st, 2012.

His Worship, Mayor Bob Bratina, and Council
C/o City of Hamilton
71 Main Street West
Hamilton, Ontario
L8P 4Y5

Your Worship:

It has come to our attention by the various OHA members within your constituency, that they are being required to pay higher ice costs based on player residency, comprising their rosters.

The members of the Ontario Hockey Association currently affected by this policy are the Hamilton Red Wings junior A, the Stoney Creek Warriors Junior B, the Glanbrook Rangers Junior C, and the Dundas Blues Junior C teams.

Within our Junior hockey program, our teams are provided with districts and zones from which they can draw players, in order to ensure that they are competitive within their leagues, and beyond those leagues, should they be successful in pursuing an OHA championship.

The very nature of junior hockey is cyclical, and there are numerous years when a bumper crop of competitive players may be resident within the immediate municipality from which the team operates, and of course there are those years where they might not be local residents although from the area.

Choosing players for the team based on ice costs, rather than competitive ability, would be counter-productive to the overall mandate of the teams' operational philosophy.

We are hoping on behalf of our members that you could reconsider this policy. The cost of operating Junior hockey teams in this day and age is challenging, and policies of this nature, render it even more difficult.

We appreciate your time and consideration.

Sincerely,

Brent Ladouceur, President.

Proud Member of:



- All rates below include HST and are the ice rental rate per hour for teams playing out of municipally owed arenas.

Junior A Clubs

Team Name	2011/2012 Rate	2012/2013 Rate	Category of Rate	Ranking (1) lowest rate to (9) highest rate based on 11/12
Aurora Tigers	\$193.00	\$193.00	Prime Adult	6 th
Georgetown Raiders	\$124.93 non-prime	\$128.68 non-prime	Prime time rate for games and non-prime rate for practices before 5pm on weekdays	1 st
	\$249.87 prime	\$257.36 prime		
Hamilton Redwings	\$190.35	\$261.92	Adult Prime*	5th
Markham Waxers	\$236.43	TBD	Special Jr. A Rate	7 th
Mississauga Chargers	\$257.23	\$270.61	Adult Resident	8 th
Newmarket Hurricanes	\$190.24	TBD	Affiliated Youth	4 th
Pickering Panthers	\$186.55	\$186.55	Affiliated Youth	3 rd
Vaughan Vipers	\$309.33	\$318.60	Resident Rate	9 th
Whitby Fury	\$140.82 non-prime	\$143.14 non-prime	Prime time rate for games and non-prime rate for practices before 5pm on weekdays	2 nd
	\$247.82 prime	\$252.27 prime		

Junior B Clubs

Team Name	2011/2012 Rate	2012/2013 Rate	Category of Rate	Ranking (1) lowest rate and (6) highest rate based on 11/12
Fort Erie Meteors	\$127.69	\$131.78	Affiliated Youth	1st
Guelph Hurricanes*	\$306.30 at Sleeman Centre	TBD	Adult Prime	6th
	\$266.00 all other City of Guelph facilities			
Niagara Falls Canucks	\$138.02	TBD	Affiliated Youth	2 nd
Port Colborne Pirates**	\$140.00	\$147.00	Special Jr. Rate	3 rd
St.Catharines Falcons	\$178.23	\$178.23	Affiliated Youth	4 th
Stoney Creek Warriors	\$190.35	\$196.44	75% of full rate	5th

* The Guelph Hurricanes play in the Mid-Western Conference

**The Port Colborne Pirates also pay \$28.60 per game for an additional staff person to move the nets, peg the nets and to clean.

Junior C Clubs

Team Name	2011/2012 Rate	2012/2013 Rate	Category of Rate	Ranking (1) lowest rate and (8) highest rate based on 11/12
Alymer Spitfires	Game Rate:\$207.74 per hr. Practice rate: \$187.60 per hr.	Game rate: \$211.90 per hr. Practice rate: \$191.34 per hr.	Special Jr. C and Sr. A Rate	8th
Chippawa Riverhawks	\$138.02	TBD	Affiliated Youth	2 nd
Dundas Blues	\$137.18	\$141.58	Affiliated Youth*	1st
Glanbrook Rangers	\$137.18	\$141.58	Affiliated Youth*	1st
Grimsby Peach Kings	\$159.00	\$162.00	Affiliated Youth	5 th
Norwich Merchants	\$149.45	\$153.00	Prime Rate	4 th
Paris Mounties	\$139.00	\$147.00	Affiliated Youth	3 rd
St.George Dukes	\$168.75	\$175.00	Special Jr. Rate	6 th
Woodstock Navy Vets	Game Rate of \$481.00 per game, which works out to \$192.40 per hour \$159.00 for Practices	Game Rate of \$505.00 per games, which works out to be approx. \$202.00 per hour \$167.00 for Practices	Special Game Rate for games. Adult Prime Rate for Practices.	7th