



# INFORMATION REPORT

<b>TO:</b>	Chair and Members Emergency & Community Services Committee
<b>COMMITTEE DATE:</b>	June 9, 2014
<b>SUBJECT/REPORT NO:</b>	Mohawk 4Ice Centre Annual Report 2012 & 2013 (CES14029) (Ward 6)
<b>WARD(S) AFFECTED:</b>	Ward 6
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<b>SUBMITTED BY:</b>	Joe-Anne Priel General Manager Community & Emergency Services Department
<b>SIGNATURE:</b>	

## Council Direction:

As per the Mohawk 4Ice Centre's Operational Maintenance Agreement, staff are required to report to Council on the financial operations of the Mohawk 4Ice Centre. This report contains information pertaining to the 2012 and 2013 operating years.

## Information:

The 2012 and 2013 Audited Financial Reports for the Mohawk 4Ice Centre are attached as Appendix "A" and Appendix "B" to Report CES14029. They outline the financial operations of the arena over the 2012 and 2013 calendar years.

The overall operation of the Mohawk 4Ice Centre finished the 2012 year with an operating surplus of \$161,002 while the 2013 year ended with a surplus of \$63,304. The decrease is attributed to a number of factors including but not limited to: the overall decrease in requested ice by city wide ice users, the increased availability of ice in City operated facilities, and numerous cancellation of tournaments by ice users in favour of other private facilities and or school work stoppages. Despite the comparable decrease in surplus from the 2012 year to 2013, the results indicate the fifth and six consecutive years that an operating surplus has been generated.

As per the operating agreement, deficits are to be shared 50/50 between the City and the operator. In the event of an operating surplus, the first \$30,000 of the operating surplus is applied to an operating stabilization account until that account reaches a threshold of \$250,000. As of January 2012, the operating stabilization account has met that threshold; therefore no further contributions to the operating stabilization account are required unless the account is debited. The remaining operating surplus is distributed to the City of Hamilton (70%) and Hamilton Arena Partners (HAP) (30%). It should also be noted that the "operating surplus" indicated below includes the

guaranteed purchase of ice time from the City that is then allocated to affiliated ice user groups by the Recreation Division. In 2012 and 2013, the City was unable to sell all of its guaranteed ice allotment at the Mohawk 4Ice Centre due to declining demand for ice. Consequently, some of the surplus indicated below will ultimately be offset by a decline in total ice revenues accrued to the City.

The operating surplus figures from the 2012 and 2013 years were split as follows:

	<b>2012</b>	<b>2013</b>
City of Hamilton	\$112,701	\$44,313
Hamilton Arena Partners	\$48,301	\$18,991
<b>Total</b>	<b>\$161,002</b>	<b>\$63,304</b>

In January 2005, the Mohawk 4Ice Centre was officially opened to the public. The facility was a public/private partnership between the City of Hamilton and Hamilton Arena Partners Inc.

Development Agreements were put in place for the construction of the facility and an Operational Maintenance Agreement was reached, whereby Nustadia Recreation Inc. was responsible for the ongoing operation of the Mohawk 4Ice Centre on behalf of the City. On February 12, 2014, City Council approved Report CES14002 to extend the Operational and Maintenance Agreement with Hamilton Arena Partners (HAP) to operate the Mohawk 4Ice Centre through to March 5, 2019.

As per the agreement, a Facility Management Review Team (FMRT) was formed to oversee the operation of the facility. FMRT consists of three representatives from the City of Hamilton, and two representatives from Nustadia Recreation Inc. The FMRT meets on a quarterly basis. Any issues or concerns are identified at the meetings and recorded in the meeting minutes for follow-up.

Staff within the Recreation Division of the Community and Emergency Services Department, with assistance from staff from Finance, Administration & Revenue Generation Division of the Corporate Services Department have reviewed the audited reports from 2012 and 2013. The City Auditor has also reviewed the 2012 and 2013 Audited Reports. No concerns have been expressed as a result of these reviews.

The Operational Maintenance Agreement has been developed to safeguard the long term sustainability of the facility. The agreement ensures that the City is collecting revenue from HAP which will ultimately decrease the balance owing to the city for the construction of the facility. The original loan under the agreement was \$12M, payable over 20 years with a 5.45% rate. The first payment was made in May 2004; the principle remaining after their February 2014 payment is \$8.1M.

Nustadia Recreation staff along with City of Hamilton Sport Development staff continue to evaluate the decreasing participation rates, especially in the sport of hockey and how

it relates to the sales at all arenas. Nustadia Recreation has been one of the community partners that have been involved in the highly successful Skate the Dream program in which youth from all parts of the city are provided an opportunity to learn how to skate with the goal of being integrated into organized hockey programs. With the opening of a new private triple pad ice facility in Stoney Creek, the Gateway Ice Centre, there is potential that rental sales at the Mohawk 4Ice Centre may be impacted in the future. At this point in time the data does not indicate that the opening of the Gateway Ice Centre has significantly impacted sales at the Mohawk 4Ice Centre.

#### **APPENDICES AND SCHEDULES ATTACHED**

Appendix A to Report CES14029: 2012 Mohawk 4Ice Centre Audited Financial Report

Appendix B to Report CES14029: 2013 Mohawk 4Ice Centre Audited Financial Report