



INFORMATION REPORT

TO:	Chair and Members Emergency & Community Services Committee
COMMITTEE DATE:	April 25, 2016
SUBJECT/REPORT NO:	Mohawk 4Ice Centre Annual Report 2014 & 2015 (CES14029(a)) (Ward 6)
WARD(S) AFFECTED:	Ward 6
PREPARED BY:	Steve Sevor (905) 546-2424 ext. 4645
SUBMITTED BY:	Jack Brown Director, Recreation Community & Emergency Services Department
SIGNATURE:	

Council Direction:

As per the Mohawk 4Ice Centre's Operational Maintenance Agreement ("the Agreement"), staff are required to report to Council on the financial operations of the Mohawk 4Ice Centre. This report contains information pertaining to the 2014 and 2015 operating years.

Information:

The 2014 and 2015 Audited Financial Reports for the Mohawk 4Ice Centre are attached as Appendix "A" and Appendix "B" to Report CES14029(a). They outline the financial operations of the arena over the 2014 and 2015 calendar years.

The overall operation of the Mohawk 4Ice Centre finished the 2014 year with an operating surplus of \$74,264 while the 2015 year ended with a surplus of \$35,269. The decrease in the operating surplus has been affected by the rising costs of utilities especially the global adjustment fee for hydro, the overall decrease in requested ice by city wide ice users, and the increasing option of private facilities in the local area. On a positive note, the results indicate the seventh and eighth consecutive years that an operating surplus has been generated.

As per the 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 December 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%). The operating surplus figures from the 2014 and 2015 years were split as follows:

	2014	2015
City of Hamilton	\$51,985	\$24,688
Hamilton Arena Partners	\$22,279	\$10,581
Total	\$74,264	\$35,269

After the Mohawk 4Ice Centre was built, an Operational Maintenance Agreement was put in place, whereby Nustadia Recreation Inc. assumed responsibility for the ongoing operation of the Mohawk 4Ice Centre on behalf of the City. The Agreement was put in place 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 5.245% rate. The first payment was made in May 2004; the principle remaining after their March 2016 payment is \$6.9M.

As per the Agreement, a Facility Management Review Team (FMRT) was established to oversee the operation of the facility. The FMRT consists of three representatives from the City of Hamilton, and two representatives from Nustadia Recreation Inc.

Both FMRT and the City Auditor have reviewed the audited reports from 2014 and 2015. No concerns have been expressed as a result of these reviews.

On February 12, 2014, City Council approved (Report CES14002) an extension of the Operational and Maintenance Agreement with Hamilton Arena Partners (HAP) to operate the Mohawk 4Ice Centre through to March 5, 2019.

APPENDICES AND SCHEDULES ATTACHED

Appendix A to Report CES14029(a): 2014 Mohawk 4Ice Centre Audited Financial Report

Appendix B to Report CES14029(a): 2015 Mohawk 4Ice Centre Audited Financial Report