



Community Services *Staff Report*

REPORT NO: CS 2023-02

TO: Council

SUBMITTED BY: Sharon Chambers, CAO

PREPARED BY: Sandy Jackson, Director Community Services

REVIEWED BY: Sharon Chambers, CAO

DATE: March 14, 2023

SUBJECT: Ice Facilities Outside the Township of Wilmot

RECOMMENDATION:

THAT Report CS 2023-02 Ice Facilities Outside the Township of Wilmot be received for information purposes.

SUMMARY:

This report provides a high-level review of the feasibility of entering into an agreement with the Township of Wellesley as an interim solution to ice time shortages in Wilmot, as requested by the Finance and Budget Committee. This report provides information, a high-level budget summary and other options for ice sport groups to explore to address the shortage of ice.

There are several factors impacting the feasibility of entering into a lease with the Township of Wellesley for use of their existing rink, which are outlined in this report. A major consideration is that this facility is at end of life and could require significant investment before ice could be put in for another season. That being said, the facility may still be required by Wellesley if their new facility is not ready in time for the fall ice season. While we have not prepared a detailed operational plan, it is anticipated that there could be challenges for Wilmot from a staffing and resources perspective. Based on information provided by the Township of Wellesley, staff have developed a rough estimate of operational costs which would be in the \$250,000 to \$300,000 range per year. This would equate to approximately 2.5 – 3.0% increase to the base

levy. This estimate does not include any major maintenance that would be required to make the facility operational.

BACKGROUND:

At the February 13, 2023, Finance and Budget Committee meeting three (3) delegations from minor sport ice user groups presented their concerns about the local shortage of rentable ice in Wilmot, due to the postponement of the third ice pad project. As a result, Council placed a motion on the floor and supported the following resolution:

THAT Staff complete a high-level investigation of the feasibility to operate ice facilities outside of the Township of Wilmot.

This resolution was specifically related to the Council discussion regarding the potential use of Wellesley arena, which is expected to close permanently when their new arena complex opens sometime in the fall of 2023.

REPORT:

The neighbouring Township of Wellesley is in the process of constructing a new single pad arena to replace the existing Arena located at 1004 Catharine Street, Wellesley, ON. Based on discussions with Wellesley staff, the existing arena has reached end of life, is being replaced by the new building, and is not intended to continue operating as an arena.

Through additional dialogue with Wellesley CAO and the Parks and Recreation Director, it was determined that a lease to Wilmot Township is something they would consider if they do not require use of the building themselves this fall. A number of things need to be taken into consideration regarding this option as outlined below.

Timeline:

The new Wellesley facility is scheduled to open this fall, however, there is uncertainty regarding when the new facility will be ready for use. As a result, Wellesley would not be able to consider alternate uses for the existing arena until they have a firm opening schedule. If construction is delayed, Wellesley may need to operate the existing building and ice pad until construction is complete and occupancy is approved for the new facility. At this time, it is unknown if the construction will be completed in time for the start of the 2023/2024 ice season.

Should the new construction be completed on time, the existing facility would likely be available for lease, however, as part of a lease arrangement, Wilmot Township would be required to take on all building operating costs including utilities, staffing, maintenance etc., and any capital costs and repairs required prior to opening in the fall.

Capital Costs and Maintenance Requirements:

With this building being at end of life, and anticipation of a new building, minimal maintenance has been performed on the facility and equipment with the expectation that the building would no longer be used for ice rentals. This is a reasonable approach for the last years of use for a

facility that is almost 45 years old, however this means the building and equipment is likely in poor to very poor condition.

From a capital perspective, staff learned that there are refrigeration system repairs to the brine header that must be completed if the rink is to reopen in the fall. This repair is valued at between \$15,000 and \$100,000 depending on whether repair or replacement is required. A repair could provide one year of operation based on the pricing received by Wellesley staff. To extend the use to multiple years, a full replacement of the system would be required. In addition, a leak under the arena floor has been identified, however it is not possible to determine how significant the leak is and when it will fail completely. Replacing the floor system requires removing the concrete, replacing the brine lines, and re-pouring a new floor system. This has not been priced but is likely to cost several million dollars.

In 2019, the Wellesley arena was closed due to a major roof failure which was repaired using a coating that has approximately six (6) years remaining on warranty; however, it was not replaced due to the impending new facility being constructed. In order to operate for more than one season, new dehumidification units will be required, the roof over the mechanical room will require replacement, and the water heaters and compressors will require overhauling or replacement. With this in mind, and the repairs required to the refrigeration system, taking on this building operation would be high risk from a capital cost perspective, and consideration should be given to a full building condition investigation before committing funds to another Township's building as a short-term solution to the ice shortage.

Staffing:

From a staffing perspective, Wilmot would need to cover approximately 55-75 hours per week with a new complement of full and part time staff dedicated to this operation which would likely include 2-3 full time employees and 2-3 part time employees to ensure coverage seven days per week. This cost is estimated at \$160,000 to \$180,000 per season depending on levels of rentals. Due to the distance, existing staff would not be able to work at both locations during the same shift.

As per the recent request for hybrid arena and parks operators, our Township is already struggling to find staff to fulfill existing staff requirements for the Wilmot Recreation Complex (WRC), therefore, staffing a facility in another Township is likely to be extremely challenging. Wellesley staff indicated that they too struggle to find enough staff for their single pad arena and would be using all their existing staff at their new facility.

Operating Costs:

With regards to operating costs, Wellesley staff provided a high-level cost estimate of utilities at approximately \$85,000 annually and other operating costs at approximately \$220,000. When staffing is included, seasonal operating costs of approximately \$465,000 - \$500,000 would be anticipated. Depending on the number of rentals that could be booked, these costs would be offset somewhat, however it is not anticipated that a rink outside our Township will be a destination of choice for new rentals. There is a risk it may not generate a significant amount of revenue, particularly at the discounted rate of 35% off for minor sport groups. With the rink

located 20 minutes out of town, there is a high risk of ice rental cancellations by our groups as well.

Ice maintenance equipment such as edgers, hockey nets, etc., will be required to operate this facility and have been estimated at a cost of \$15,000 annually. Wellesley has purchased a new ice resurfacer, however they have traded in their existing unit as part of the purchase, therefore a rental unit at \$3,750 monthly plus the cost of propane would add another \$35,000 annually to the operating costs. Consideration for other costs such as rekeying the facility, adding security features, internet access and a number of other basic operating requirements would need to be included in budgeting costs.

With all this considered, running the refrigeration plant and all other utilities, plus staffing requirements will result in operating costs that are close to running the rink full time, while only attaining limited revenues to offset these costs.

Other Area Arenas

In order to better understand local ice availability, Wilmot staff reached out to a number of neighbouring municipalities including Plattsville, Woolwich, Stratford, Wellesley and Tavistock to inquire about available ice to see if an alternate solution could be provided to our user groups. A summary chart below outlines the high level discussion that could be explored further with our user groups:

Municipality	Ice Availability
Plattsville	<ul style="list-style-type: none"> Wilmot Girls book weekly ice, and used to have 7 hours per week, but this year ended up giving up 1.5 hours and now utilize 5.5 per week. Minor hockey planned to take 2 hours per week this year but decided not to. One NHHA team books ice every Wednesday at 6am (for \$110 tax in). Available ice includes: 6am or 6:30am (they currently don't open that early but would if needed); other availability is Saturdays 6am; Sundays 6pm; Wednesdays 10pm-11:30pm.
Woolwich	<ul style="list-style-type: none"> Available ice includes: 10:00pm a few weeknights; Saturdays 6pm, 6:30pm, 8pm; Sundays 8:30am; 7:15pm – however anticipate this will be picked up next season by Minor hockey and adult users.
Stratford	<ul style="list-style-type: none"> Many teams from New Hamburg utilize ice in Stratford. NHHA team are booked Sundays 9am-12:30pm, Saturdays 9:30am-11am & 12pm-1pm on a weekly basis. <p>Other available ice:</p> <ul style="list-style-type: none"> Dufferin Arena Sundays 4:30pm-6pm Mondays 4pm-5pm & 9pm-10:30pm every other week Wednesdays 4pm-5pm & 10-11pm Fridays 4pm-5pm & 10-11pm Saturdays 6pm-10pm

	<ul style="list-style-type: none"> • Rink A Sundays 6:30am-8:30am & 9:30pm-11pm Monday 10 – 11pm Tuesday 4pm-5pm Wednesday 10-11pm Friday 4pm-5pm Saturday 9pm-11pm • Rink B Sunday 6:45am-8:45am & 9:15pm-10:45pm Thursdays 4:15pm – 5:15pm & 9:45pm – 10:45pm Fridays 6:45am – 8:45am
Wellesley (new rink)	<ul style="list-style-type: none"> • Uncertain at this time if ice will be available in the new building.
Tavistock	<ul style="list-style-type: none"> • No ice available at this time.
Wilmot	<ul style="list-style-type: none"> • Available ice: Sunday mornings between 6am and 8am and Saturday nights at 10pm, Fridays 4pm, Saturdays prior to 7am.

Although these ice times are not during prime time, and create challenges for young families, they provide some options that would be far more economical than reopening the Wellesley arena.

Ice Needs:

In order to best understand the demand, staff reached out to the New Hamburg Hockey Association, Wilmot Girls Hockey Association, and the New Hamburg Skating Club to determine how many hours of ice they would book should the Wellesley arena be added to the Wilmot Township ice complement. 52 hours were identified as needed by the groups; however, this would replace a number of hours already in use in Stratford, potentially leaving other neighbouring rinks which are operated by their own municipalities vacant for those hours. Some ice would be retained in Plattsville by the groups based on their input.

Cost Recovery:

It is generally understood that recreation services are not cost recovery, however, this type of part time use of an arena in another Township is anticipated to recover minimal costs. In addition, although our minor sport groups are required to have a minimum of 50% of their registrants from Wilmot Township to qualify for the Affiliation discount of 35% off, it is known that youth from other municipalities are also registered with our organizations, who are not property owners within Wilmot. Entering into an agreement to operate a facility to accommodate additional hours for specific user groups that doesn't serve the greater Township population and are not likely all local rate payers could create concerns to the broader community. With a number of these hours already being addressed through use of the Stratford and Plattsville arenas, adding the Wellesley rink would result in open ice at these other out of Township facilities at a cost to our residents.

In summary, with the timing of the new construction expected to be completed this fall in Wellesley and the uncertainty that the existing Wellesley facility would be available, there would be limited time to complete a building condition assessment, establish a lease, ensure repairs are complete, hire staff and purchase necessary equipment prior to the fall ice season.

As a result of these unknown factors, the high cost to operate, anticipated capital costs, and the risks associated with operating a building in another Township, with limited guarantee for revenue, staff are not recommending this option be pursued further.

ALIGNMENT WITH THE TOWNSHIP OF WILMOT STRATEGIC PLAN:

This report supports the Strategic Goal of Quality of Life through recreation and leisure Opportunities, and Responsible Governance through Fiscal Responsibility.

FINANCIAL CONSIDERATIONS:

With assistance from Wellesley Township, staff has prepared an estimated operating budget that would require a minimum of \$250,000 annually, and over \$3M in capital costs to operate for more than one season.

Each \$100,000 addition to the operating budget would result in a 1% increase in the tax base, therefore the operation of this facility, should it be possible could add 2.5 - 3% to the tax base, plus the impact of the capital budget investments. There is no guarantee that all costs have been accounted for, nor that all revenues will be attained as cancellations are a common challenge with ice rentals.

Estimated Budget (see summary below)

Potential Revenue:	\$216,440
Annual Operating Expenses:	<u>\$464,900</u>
Net Annual Cost:	\$248,460
Potential Capital Investment:	\$3,035,500

Attachments: Appendix A: Estimated Operating and Capital Budget Summary

Appendix A: Estimated Operating and Capital Budget Summary

Wellesley Arena Estimated Budget					
28 weeks ice operation (Sep-Mar)					
Revenue	Hours	Rate	Weeks	Total	Notes
25 hrs Mon-Fri 8am to 10pm					
24 hrs Sat-Sun 8am to 8pm	50	\$ 155	28	\$ 216,440	Minor hockey rate
				\$ 216,440	
Annual Expenditures	Item	Per Month	# of months	Total	Notes
Lease				\$ 10,000	
Utilities	Hydro			\$ 60,000	
	Gas			\$ 11,500	
	Water/ waste	\$ 10,000	7	\$ 70,000	
	Internet	\$ 250	7	\$ 1,750	
Contracted Services	Snow Removal	\$ 5,000	5	\$ 25,000	
	Refrig mtce	\$ 5,000	7	\$ 35,000	
	Oil Changes				
	Compressors	\$ 2,000	1	\$ 2,000	Start Up Annually
	Blade change	\$ 1,000	1	\$ 1,000	Annually
Supplies	Propane	\$ 800	7	\$ 5,600	
	Cleaning/paper	\$ 1,000	7	\$ 7,000	
Zamboni	Rental	\$ 3,750	7	\$ 26,250	
Equipment	shovels, edger, mops etc.	\$ 15,000	1	\$ 15,000	
Other	Contingency	\$ 5,000	7	\$ 35,000	
				\$ 305,100	Subtotal
Staffing	FT Leadhand			\$ 54,000	
	FT Operator			\$ 48,000	
	PT Attendant			\$ 22,400	
	PTO Wknd Oper (2)			\$ 27,000	
	PT wknd Attend.(2)			\$ 8,400	
				\$ 159,800	Staffing Subtotal
				\$ 464,900	Total Expenses
				\$ (216,440)	Less Revenues
				\$ 248,460	Net Annual Cost
One Time Capital Expenditures				Total	Notes
Brine Header Replacement				\$ 80,000	Replacement Cost
New Dehumidifier				\$ 40,000	End of Life
Compressor overhaul				\$ 15,500	Regular Maintenance
Replace roof over mechanical room				\$ 350,000	End of Life
Replace Water Heaters & plumbing				\$ 400,000	End of Life
Floor Replacement if Brine lines fail				\$ 2,000,000	Currently leaking
Rekeying, security, wifi installation				\$ 100,000	
Other Unknown Capital Costs				\$ 50,000	
				\$ 3,035,500	Total One Time Costs