

Regional Ice Strategy Update

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**Fundy Regional
Service Commission**

**Commission de Services
Régionaux de Fundy**

Purpose

Confirm commitment of Commission members to participate in a regional funding agreement process to avoid non-resident fees at arenas and keep access to arenas open to all residents in the Fundy Region.

Findings of the Working Group

A working group of representatives from across the region has been meeting since December 2017 to develop solutions that will improve access, usage and financial sustainability of our arenas.

Their work has led to a number of solutions including consensus on:

- Creating an allocation policy that prioritizes youth and improves gender equity in ice-sports.
- Cooperation on facility rental pricing.
- Creating a standing regional collaboration and oversight committee.
- Avoid non-resident fees by offering **communities without arenas** access to recreation facilities, if they agree to contribute to their subsidization. A fair contribution that was generated was a property tax levy of 0.03 per \$100 of assessment. By comparison, Saint John property tax payers subsidize recreation services and facilities by \$0.114 per \$100 of assessment. It was also agreed that communities without arenas that subsidize local recreation facilities, such as outdoor rinks or community centres, shall receive a credit that may reduce the levy to no less than \$0.02 per \$100 of assessment.

The working group held a closing meeting with **CAOs** and **DELG**. An agreement could not be reached to address the crossflow of arenas users from **service provider** communities before the agreed deadline. Without an agreement, there is a risk of non-resident user fees being implemented at Saint John arenas this year. Therefore, it is recommended to engage an independent consultant to determine any imbalance between service provider communities by analyzing usage, financial and census data. More details regarding these challenges and recommended solutions may be found below.

Definitions

LSD: local service district

FRSC: Fundy Region Service Commission

CAOs: Chief Administrative Officers such as town managers, city manager

DELG: New Brunswick Department of Environment and Local Government

Service Providers: Communities which currently subsidize arenas through property taxes. Those communities include:

- Town of Grand Bay-Westfield
- City of Saint John
- Town of Rothesay
- Town of Quispamsis
- Village of St Martins
- LSD of Saint Martins

Communities Without Arenas: Communities which do not currently subsidize arenas through property taxes. Those communities include:

- LSD of Musquash
- LSD of Petersville
- LSD of Westfield
- LSD of Greenwich
- LSD of Kingston
- LSD of Rothesay
- LSD of Simonds
- LSD of Fairfield

Challenges

Subsidization of Arenas

All public arenas are funded by two primary sources: rental fees and property taxes from the host community. One challenge has been striking a balance between the two sources so that property taxes and access to arenas remain affordable, and that arenas can be financially sustainable. In striking this balance, some New Brunswick communities have therefore decided to impose additional fees on residents of communities which do not subsidize arenas.

Impending Non-Resident User Fees

In Saint John, more than 30% of usage in their 5 arenas comes from non-residents. Some of this usage is from communities which do not subsidize arenas, but also from neighbouring communities with their own arenas. Saint John has stated that without a regional funding agreement, a new fee system shall be implemented by Fall 2019. The added fees for non-residents have yet to be determined. However, looking at a case study in Fredericton, the city has implemented a non-resident user fee of \$890 per person, per sport. Arenas in Quispamsis, Rothesay, Grand Bay-Westfield and St Martins also demonstrate non-resident usage of 30%, suggesting there is significant crossflow in the Region.

Comparing Crossflow and Level of Service Between Arenas

When comparing the level of service being offered by each arena, many factors must be considered including condition of the facility, number of hours served, how many of those hours were paid, unpaid or shared by large groups (e.g. cross-ice hockey). Complicating matters are the differences in financial information such as accounting practices and capital investment strategies. Comparing all of these factors requires further analysis with appropriate expertise, such as financial accounting, asset management and service management.

Over Supply of Ice

There is currently a surplus of available ice-time, particularly within Saint John. Saint John's Recreation Plan (PlaySJ, 2015) and their infrastructure inventory plan (2010) both recommend rightsizing. In the 2017-2018 season, each of the 4 Saint John civic arenas provided just under 2,100 hours. Cumulatively, 3,300 hours were unused. Through the process this past year, several stakeholders have asked that this over supply of ice-time be addressed before a regional cost sharing agreement can be considered.

Facility	Hours Available	Hours Used	Revenue Hours	Comp Hours	Maint Hours	Utilize %
Belyea Arena	2,875.83	2,047.25	1,119.25	528.50	399.50	71.19%
Gorman Arena	2,875.83	2,070.17	1,182.25	502.00	385.92	71.98%
Hurley Arena	2,875.83	2,054.50	1,124.00	517.50	413.00	71.44%
Peter Murray Arena	2,875.83	2,029.42	1,174.08	462.50	392.83	70.57%
	11,503.33	8201.34	4599.58	2010.5	1591.25	71.30%

Utilization Report of Saint John Civic Arenas for the 2017-2018 season.

Comp Hours are unpaid hours that would include public free-skate, in-kind ice-time and refunded time.

Local Service Districts Representation

The process up to now has lacked representation from the local service districts (LSDs). Unlike municipalities, LSDs do not have staff resources that can represent their community in meetings. Several calls were made to community members, including one member that participated for one meeting, but all candidates sited that they could not make the time commitment to participate on an on-going basis. New methods of LSD community participation must be included in steps going forward.

Data Collection and Privacy Concerns

It has been clear since the beginning of this process that verifiable data will be a key factor to ensure this process is fair and evidence based. Necessary data for this process has been postal codes of registered ice-sports participants. Sports organizations are responsible for protecting the privacy of their participants. They are therefore weary of requests to access this information. Consultation with the FRSC's lawyer has confirmed that sharing only postal codes is not considered personally identifiable information. Regardless, concerns and misunderstanding still exist among sports organizations regarding why this information is needed and how it will be used. Although many groups have cooperated, some responded that privacy concerns prevent them from sharing postal codes and other group simply have not responded.

The City of Saint John has provided the most data through this process because they have been collecting this information for several years. This is a new practice for other service providers. Therefore, it is unrealistic to expect the same level of detail in their data after only the first round of collection. There is also a lot of confusion and misunderstanding among user groups, with whom cooperation is contingent to retrieve this data. Building trust with user groups and the public is essential, and cannot be rushed. We must allow for the proper consultation and communication process to listen to concerns and address them before an agreement can be decided upon.

Recommendations

It is recommended that a regional funding agreement be implemented to avoid non-resident fees, so that all residents in the Fundy Region may continue to have healthy activity options through access to regional recreation facilities, such as arenas. Sufficient data has been collected to propose an offer of service to communities without arenas. However, further information gathering is required to determine the crossflow of users between service providers and any potential imbalance. Therefore, the process moving forward has been separated into two steps.

Process for Step 1: Offer of Service & Public Consultation

Service providers are asked to agree to offer communities without arenas the same level of access to all recreation facilities as their own residents if communities without arenas choose to support those facilities through a levy of \$0.03 per \$100 of assessment. Those communities with local recreation spending may receive a credit, reducing the levy to no less than \$0.02 per \$100 of assessment. Funds generated by the levy shall be distributed to arenas based on usage data.

The Commission shall begin consultation with stakeholder groups and the public, residents of communities without arenas in particular, regarding the proposed offer above. Feedback from these consultations will be sent to the Commission and Minister of Environment and Local Government for their consideration.

Tentative Timeframe: April

To facilitate this process, service providers are asked to agree to:

- Make it mandatory for user groups to provide residency information (e.g. postal codes) of their participants in order to rent ice-time on an on-going basis: weekly or monthly. One-time bookings are excluded from this requirement.
- Share collected residency information, ice-time schedules and financial information with FRSC.
- Cooperate with regional partners on ice-time allocation and pricing; prioritizing youth and gender equity.
- Address any oversupply of ice and optimize existing ice-time by utilizing early time slots and shared-ice whenever possible.

Process for Step 2:

Determine Crossflow Between Service Providers & Potential Imbalance

Confirm commitment of Commission members to provide a resource for the working group going forward in this process.

Issue a request for proposal for a consultant to analyze the crossflow of arena users between service provider communities and compare the level of service offered by each arena. The consultant shall also develop a standard operating and capital cost per ice pad in its calculations. If an imbalance in service and usage is determined between service provider communities, the consultant shall recommend an appropriate funding formula to address the imbalance. Awarding a successful supplier for this work shall be decided at a Commission board meeting.

Tentative Timeframe: April

Findings of the consultant's report shall be considered at a Commission board meeting.

Tentative Timeframe: May

Begin decision-making process with local service districts through the Minister of Environment & Local Government.

Tentative Timeframe: June-July

The estimated timeframe to conclude both steps and the decision-making process for an agreement is July 2019