

CITY OF FORT SASKATCHEWAN

Alberta Junior 'A' Hockey League Team Relocation to Fort Saskatchewan

Motion:

That Council delay the decision on the request from the Friends of the Traders until after the results of the Aquatic Vote on October 16, 2017 are known.

Purpose:

To present a request from the Friends of the Traders for the City of Fort Saskatchewan to explore the feasibility of being a host community for an Alberta Junior 'A' Hockey League (AJHL) team, which includes corresponding facility improvements over a multi-year timeline.

Background:

The AJHL is a developmental league in Canada for student-athletes striving to capitalize on their athletic and academic abilities. These athletes have the potential to play for post-secondary institutes in the National Collegiate Athletic Association.

Some of the benefits of hosting an AJHL franchise are:

- sport tourism;
- enhanced community recognition;
- sports entertainment;
- teams give back to the community; and
- civic pride.

The Fort Saskatchewan Traders were founded in 1976-77. After 3 decades, the Traders relocated to St. Albert for the 2007-08 season and then to Whitecourt in 2012.

The AJHL League and team owners have an expectation that host communities will be able to meet certain requirements in order to host a team. Some of these requirements are:

1. a multi-year lease with the option to renew;
2. exclusive home team locker room;
3. coach's office;
4. off-ice training and conditioning rooms;
5. medical/trainer's room;
6. box office;
7. club cost recovery opportunities through sponsorship and advertising;
8. high ranking in ice allocation process (as per AJHL rules);
9. subsidized ice rental rates;
10. suitable scoreboard;
11. audio/visual equipment;
12. 500 parking stalls;
13. retail merchandising space;
14. 1,500 seats;
15. two skyboxes;
16. ice time for 40 home games, 14 practices; and
17. ice available for camps in April, July and August.

Further information on the AJHL League can be found in Appendix A.

Other comparable sized municipalities are Cochrane, Okotoks, Leduc and Spruce Grove. The number of ice surfaces for these communities range from three (3) to four (4).

Location	Population	Number of Arenas	Arenas per Capita
City of Fort Saskatchewan	25,533	3	1 : 8,511
City of Spruce Grove	34,070	4	1 : 8,518
City of Leduc	29,990	3	1 : 9,997
Town of Cochrane	25,853	3	1 : 8,618
Town of Okotoks	28,016	3	1 : 9,339

The three primary areas analyzed by Administration focused on:

1. the impacts to current stakeholders through the ice allocation process and facility leases;
2. the potential financial operating impacts to the City; and
3. the potential impacts to the capital budget.

Stakeholder Impacts:

Impacted stakeholder groups were contacted by both representatives supporting a Junior 'A' team and by the City. City representatives discussed the impacts of hosting an AJHL team including the required changes to the ice schedule and impacts to facility spaces.

Overall, current user groups are supportive of the City hosting an AJHL team and seem ready to make the sacrifices necessary to incorporate them into the user group mix. The groups felt that in the short-term (a season or two at the most), the game schedules for the Junior 'A', Junior 'B', Chiefs and minor sports could be accommodated. In addition, user groups believe that an AJHL team would be good for the development of ice sports within the community. Letters of support are provided in Appendix B.

For the long-term, user groups stated verbally that consideration would be needed for an additional sheet of ice within the community because the addition of an AJHL team would leave no space for program growth. There was a request to have commitments on capital investment (renovations to the JRC and twinning the ice at the DCC) including a plan with timelines for implementation.

Concerns were also raised regarding the financial impacts of sharing the revenue generation opportunities to a higher level hockey team. There is a possibility that existing revenue streams for current teams could be impacted.

Operating Budget Impacts:

If an AJHL team was to relocate to Fort Saskatchewan, there would be a number of impacts across the organization to accommodate the needs of the team and League. The requirement to modify ice schedules to accommodate the AJHL team will create a higher workload for the Bookings Group and there will be time required to negotiate lease and sponsorship agreements. Additional arena staffing will be required during game nights, which is a typical standard for municipalities who host AJHL teams.

Operating Budget impacts depending on ice fee rate charged to the Junior 'A' team:

Ice Fee Rate	Operating Revenue	Operating Expenses	Net Deficit
Minor user group rate	\$22,375.85	\$67,883.42	-\$45,507.57
Non local junior rate	\$27,970.63	\$67,883.42	-\$39,912.79
Adult rate	\$38,354.32	\$67,883.42	-\$29,529.10

This analysis does not consider potential costs or revenues associated with dedicated dressing rooms, offices, or training rooms that may be included within a lease as those costs are currently not charged to existing facility tenants.

If the City does decide to move ahead with the relocation and undertake the renovation of the JRC and/or the construction of a fourth sheet of ice, additional operating costs will be incurred and the operating model for the recreation ice arenas will need to be revisited. The total amount of these additional operating costs is estimated to be \$0.7M for the JRC and \$1.1M for a fourth sheet of ice.

There may be opportunities to look at recovering these costs through partnerships with the Junior 'A' team, Hawks, and Chiefs in the sale of sponsorships and advertising. Currently, the City of Fort Saskatchewan is collecting less than \$5,000 through the sales of advertising and facility sponsorships. At the present time, the Chiefs and Hawks are able to keep a majority of the associated revenues. The AJHL states that some clubs have the ability to raise up to \$220,000 in revenues through the sales of sponsorships and advertising. It is important to note that this may have an impact on other not-for-profit groups within the community who require fundraising as a part of their revenue streams.

Capital Budget Impacts:

The most significant impact to welcoming an AJHL team to the community will be to the capital budget. The representatives from the Junior 'A' team have expressed the need for the JRC to be upgraded including a revitalization of current spaces along with the addition of dedicated square footage for dressing rooms and training spaces. User groups have expressed a belief that the addition of an AJHL team will create the need to add a fourth ice surface to the community within a shorter timeframe than the one proposed in the Recreation Facility and Parks Master Plan Update (RFPMP), which had an arena being added to the DCC in 2020 at a cost of \$14M.

At this point no public consultation or conceptual design work has been undertaken specific to the JRC renovation required by the AJHL. In 2010, the City commissioned a study to look at the revitalization of the JRC. That study was updated in 2015 through the RFPMP process. The estimated costs of a full revitalization as proposed in the RFPMP was approximately \$13.2M.

If the JRC Revitalization (\$13.2M) and second arena at the DCC (\$14M) are required in the next 3 years, the projects would be funded through a funding combination of Future Facility Operating Reserves, MSI, and debenture borrowing. Further details are provided in Appendix C.

Even with approval of the full scope, the City will remain significantly lower than the legislated debt limits by taking on these additional debentures. The biggest impact of undertaking these projects now will be the incorporation of the debenture payments into the ongoing operating budget.

Project	Start Year	New Ongoing Costs
JRC Renovation Debenture Payment	2020	\$635,000 (20 year payment)
New JRC Operating Costs (approx.)	2021	\$67,000
New Arena at DCC Debenture Payment	2020	\$940,000 (20 year payment)
New DCC Operating Costs (approx.)	2021	\$120,000
New Aquatics Centre Debenture Payment	2019	\$1,510,500 (20 year payment)
New Aquatics Operating Costs (approx.)	2021	\$2,585,000

Key Considerations:

The following is a summary of key considerations associated with the Friends of the Traders request:

- Long-term planning – At the present time, the City has a long-term plan in place that prioritizes our capital projects through the Recreation Facility and Parks Master Plan. This plan was put together with a significant amount of public consultation and stakeholder input and resulted in an aquatics facility (the community will vote on this project on October 16, 2017) being the next major priority beyond the projects currently approved by Council.
- Decision risks - Capital cost and operating cost impacts are all analyzed based on conceptual level estimates.
- Incremental benefits to what currently exists within the City – At the present time the City hosts a Junior 'B' level hockey program, a senior men's hockey program and two other higher level teams. All teams are relatively well received by the City and the community has shown it can support the programs, although the existing teams have noted they are not at ideal sponsorship levels. It is not known if the community can support an additional team.
- Project risks vs. past history of success – The decision to negotiate a lease with an AJHL team comes with certain risk factors that all must be measured against the fact that the City was previously a host to an AJHL team that struggled with attendance and finances. It is not known if a different ownership group and a larger population will change those circumstances.
- Programming risk - There is no guarantee a team will stay in Fort Saskatchewan in the long-term. The AJHL Commission also has the final decision for granting a team permission to relocate.
- Community fundraising impacts – It is believed that the significant fundraising needs of an AJHL franchise may impact the fundraising needs of other not-for-profit organizations within the City.

Alternatives:

Administration is seeking direction for responding to the Friends of the Traders request. Alternatives for Council consideration include:

1. That Council delay the decision on the request from the Friends of the Traders until after the results of the Aquatic Vote on October 16, 2017 are known.
2. That Council support the feasibility of an AJHL team relocating to Fort Saskatchewan, pending final results of the associated costs and upon further approval, Administration will provide Council with a cost analysis report.
3. That Council decline the request from the Friends of the Traders to relocate an AJHL team to Fort Saskatchewan.

Recommendation:

Administration recommends that Council delay the decision on the request from the Friends of the Traders until after the results of the Aquatic Vote on October 16, 2017 are known.

Attachments:

1. Appendix A - AJHL and Fort Saskatchewan Traders Overview
2. Appendix B - User Groups Support Letters
3. Appendix C – JRC Redevelopment PreDesign Cost Opinion

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