



Subject: *East Hants Sportsplex - Request to Increase Rates*
To: Parks, Recreation and Culture Committee
Date Prepared: July 12, 2023
Related Motions: C23(134), C23(220)
Prepared by: Alana Tapper, Director of Parks, Recreation & Culture
Wade Tattrie, Director of Finance
Approved by: Kim Ramsay, CAO

Summary

Council directed the East Hants Sportsplex General Manager by motion C23(220) to provide staff with the 2018 financial statements and budget to compare to the current year for the purpose of bringing a staff report in July.

Financial Impact Statement

The East Hants Sportsplex is part of the East Hants financial reporting entity. A budget was presented to EH Council for the 2023/2024 fiscal year. That budget indicated a surplus of just over \$38,000. It was approved by Council. The East Hants Arena Association are requesting an increase of 4% on ice rental fees, and 3% on field rental fees.

Recommendation

It is recommended that Council:

1. Approve the 4% rate increase on ice rentals, and 3% on field rentals;

OR

2. Deny the 4% rate increase on ice rentals, and 3% on field rentals,

And, instruct the CAO to again communicate Articles 8.3, and 8.4 of the July 2021 facility management agreement to the EHAA Board Members and General Manager. This communication is to emphasize the need to soon prepare a forecast of revenue and expenditures for 2023-24 and to take appropriate steps to increase revenues and/or decrease expenditures should a deficit be forecasted. As well, it should be emphasized that any surplus in a fiscal year is to be forwarded to EH to include with the EH Sportsplex Capital Repairs Reserve.

Recommended Motion

Based on Council's preference.

Background

In July of 2021 East Hants assumed responsibility for the East Hants Sportsplex. At the same time, an agreement with the East Hants Arena Association (EHAA) was signed to manage the facility. Part of the agreement indicates that the annual budget must be approved by East Hants Council, including any requested fee changes.

A staff report was presented to the PRC Committee on June 6, 2023 regarding a request from EHAA to increase the rates. The PRC Committee recommended the Sportsplex General Manager present to Council on this matter.

The General Manager of the East Hants Sportsplex presented to Council on June 20, 2023 and indicated in a summarized report that due to a variety of issues the fiscal year ending March 31, 2023 resulted in a deficit of \$114,400.

The following motion C23(220) was approved after the presentation by the General Manager. *“Move that Council direct the East Hants Sportsplex General Manager to provide staff with the 2018 financial statements and budget to compare to the current year for the purpose of bringing a staff report to Committee in July.”*

EH staff have worked with the EH Sportsplex General Manager to prepare the report requested by Council on June 20th which compares the 2018/2019 and 2022/2023 budgets and actuals, as attached. It also shows the 2023-24 Council approved budget. The two columns on the far right shows the \$ change, and the percentage change of actuals for 2018/2019 versus 2022/2023.

Discussions with the General Manager in July indicate a forecast of revenues and expenses for the 23/24 fiscal year has not yet been completed. As well, there is some uncertainty as to when a \$40,000 Canada Emergency Business Account will need to be repaid. This amount was not included in the 2023-24 budget.

The EHAA have requested a rate increase of 4% on ice rentals and 3% on field rentals. They projected this would result in an additional \$37,500 of revenue.

Facility Management Agreement Articles

Relevant sections of the 2021 facility management agreement between the EHAA and the municipality include sections 8.3 and 8.4 - which indicate the expectation of the EHAA to operate in a surplus, surplus funds are expected to be transferred to the municipality and held in reserve specifically for capital project work on the facility and for the EHAA to provide a written report to the municipality within 30 days of projecting a deficit with a plan to address said deficit.

8.3 Current Year Surplus and Accumulated Surplus

East Hants expects the Association to operate in a surplus. The operating surplus shall be transferred to East Hants to fund the East Hants Sportsplex Reserve and shall be for the exclusive use of the Facility. The parties shall agree to the date for the transfer annually, following the end of the Operating Year. All transfers of surpluses shall be a transfer of cash to East Hants. Surplus funds in the reserve account will earn interest which will be added to the East Hants Sportsplex Reserve for the use of the Facility.

8.4 Operating Deficit

If in any Operating Year a deficit is projected or realized in excess of the budget approved by Council in accordance with this Agreement, the Association shall prepare and submit a written report at the time it submits its Annual Budget to East Hants or within 30 days of projecting the deficit, whichever is sooner, outlining the magnitude of the projected or realized deficit, the reasons, and the recommendations for dealing with it in the current or coming year.

FINANCIAL CONSIDERATIONS

Article 8.3 Current Year Surplus and Accumulated Surplus states that the municipality expects the East Hants Arena Association to operate in a surplus.

Alternatives

1. Council may choose to approve the requested rate increases.
 2. Council may choose not to approve the requested rate increases.
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Attachments

EHAA Proposed Rate Increases Staff Report to PRC Committee June 6, 2023

Report Comparing Sportsplex 2018/2019 Budget and Actuals, to 2022/2023 Budget and Actuals, as well as 2023/2024 Budget

Rate Increase Proposal Document presented to Council on June 20, 2023 by the EHAA/East Hants Sportsplex General Manager

Facility Management Agreement for East Hants Sportsplex - July 2021