Executive Summary

The Arena Renewal Strategy was requested by Council in the spring of 2010. The original report that included the resolution containing the request was presented to City Council on April 14, 2010, and was included as part of the overall decision that provided approval for the construction of the second ice pad at the Countryside Sports Complex and the capital investment at the Cambrian Arena.

The strategy included the following deliverables, as identified by Council on April 14, 2010:

1. *A review of physical and functional condition of existing arenas*
2. *A review of demand for ice time*
3. *Community input/consultation*
4. *Recommendations on the closure of existing arena(s) if appropriate*
5. *Recommendations on if and where new arena(s) should be constructed*
6. *Explore capital sources of revenue for 2012 budget deliberations*

The report contains an exhaustive analysis of the City of Greater Sudbury's arena facilities, including

- A summary of the recent life cycle analysis
- Cost recovery data
- Demand and ice usage for City facilities
- General demographic data regarding population and trends in ice usage
- A summary of the community consultations
- Other considerations and some replacement vs. repair scenarios

The findings of the analysis generally suggest that Greater Sudbury will experience little or no growth in the number of ice users, based on current trends. The city has 16 ice pads, which, based on the geography of Greater Sudbury, is a reasonable inventory to meet current demand. As the population ages, there may be a need to decrease the inventory, unless alternate programming is introduced. Information regarding specific facilities suggest that arenas in the farthest reaches of Greater Sudbury are used the least, and in fact, I.J. Coady Arena in Levack is facing serious challenges in terms of lack of usage.

As of 2013, the analysis comparing ongoing annual levy impact with the estimated cost of internally debt financing a new facility (as illustrated in the scenarios for various geographical hubs) would suggest that Council consider repairing the city's current inventory of ice facilities. The exception, as suggested by Scenario B, would be for consideration of planning for a twin pad facility in the Chelmsford area that would replace the I.J. Coady, Chelmsford and Edgar Leclair Arenas. This would effectively reduce the arena inventory by one ice pad, but would "right-size" the inventory for projected future demand.

Background

Chronology

The Arena Renewal Strategy was requested by Council in the spring of 2010. The original report that included the resolution containing the request was presented to City Council on April 14, 2010, and was included as part of the overall decision that provided approval for the construction of the second ice pad at the Countryside Sports Complex and the capital investment at the Cambrian Arena.

The following resolution was carried at the April 14, 2010 meeting:

> Resolution 2010-133:
>
> WHEREAS Cambrian Arena is closed and needs to be replaced;
>
> AND WHEREAS Council provided direction for staff to cost out options for arena renewal;
>
> AND WHEREAS the two options were identified as: an additional ice pad at Countryside Arena or a new two pad facility at Lorraine Street;
>
> AND WHEREAS Council requested a financial plan for these options;
>
> AND WHEREAS the primary shortage of ice is in the city core, as identified in the Parks, Open Spaces and Leisure Master Plan which is compounded by the closure of Cambrian Arena;
>
> THEREFORE BE IT RESOLVED THAT plans for construction of a second ice pad at Countryside Arena commence effective May 2010 as outlined in the report dated April 9, 2010 from the General Manager of Community Development;
>
> AND THAT the Community Development Department undertake a detailed Arena Renewal Strategy for a multi-pad arena opportunity consistent with the principles of the Constellation Report for equitable placement of facilities across the City of Greater Sudbury;
>
> AND THAT the strategy considers recommendations from the Parks Open Space and Leisure Master Plan, advice gathered from community consultation for the multi use recreational complex along with additional broad based community consultation regarding future multi pad opportunities;
>
> AND THAT the Arena Renewal Strategy be completed in advance of Budget 2012;
>
> AND THAT staff be directed to notify Greater Sudbury Utilities Inc. regarding Council's intent to redeem the preferred shares;

AND THAT any operating budget savings from the closure of the Cambrian Arena for 2010 and 2011 be transferred to the Capital fund

The deliverables were identified by Council on April 14, 2010 as:

1. *A review of physical and functional condition of existing arenas*
2. *A review of demand for ice time*
3. *Community input/consultation*
4. *Recommendations on the closure of existing arena(s) if appropriate*
5. *Recommendations on if and where new arena(s) should be constructed*
6. *Explore capital sources of revenue for 2012 budget deliberations*

On June 15th, 2011, Council was presented with a report that provided an introduction to the Arena Renewal Strategy, including: the terms of reference, timelines, principles and deliverables that would be produced by the initiative.

In December 2011, an information report was presented to Council to provide a summary of the results of community consultations that were held during the fall of 2011.

In order to provide relevant, subjective data for the Arena Renewal Strategy analysis, Monteith Brown Planning Consultants (MBPC) (see Appendix A) was engaged to provide:

- Identification of current trends in ice participation, arena demand, and arena provision across Ontario and the country;
- A cursory assessment of the City's arena needs (in terms of quantity) based on utilization and provision targets;
- Discussion of the types of public-private partnerships that may be available to the City for the construction and/or operation of community arenas, and
- A high level examination of the costs to build an OHL-size arena (the home of the Sudbury Wolves – the Sudbury Arena – was built in 1951 and there is a need to begin the planning for its potential renewal or replacement) and the types of partnership arrangements that might be considered[1]

1. A Review of Physical and Functional Condition of Existing Arenas

Life Cycle / Building Condition Assessment

The average age of the ice facilities in the CGS is 40 years old and the Sudbury Community Arena is 61 years old. There has been significant investment in maintaining and repairing

[1] Monteith Brown Planning Consultants, Analysis Informing the City's Arena Renewal Strategy, December 2012

the existing facilities, but, a substantial level of capital funding will be required to maintain the current inventory of arenas.

Certainly, the current physical state of the arena infrastructure requires extensive analysis. As an example of the capital costs involved with repairing arenas, the recent activity in the City of Greater Sudbury suggests that the cost of repairing Cambrian Arena was $1.2M. The scope of the renovation included: replacement of the rink slab with a new sub-surface heating system, roof repair/replacement and the purchase and installation of rink boards and condenser unit. The capital renewal of Cambrian Arena was necessitated by a floor failure and a need to complete emergency repairs. The capital project is expected to have extended the life of the facility by a minimum of 10 years. The cost of construction a new ice pad at Countryside was approximately $10.2M. For the purposes of this report, the cost of a new twin pad arena is estimated to be $22M, the estimated cost that was presented to Council in April 2010 for a proposed two pad ice facility on Lorraine St. in Greater Sudbury.

Building condition assessments have been completed by Construction Control Incorporated, using the standard guidelines of ASTM E-2018-08, *Standard Guide for Property Condition Assessments,* to properly identify and prioritize capital requirements and risks with the existing facility inventory. The study has provided a detailed analysis of the capital needs of the facilities along with cost estimates for immediate needs (1 – 5 years) and future needs (6 – 10 years).

The following table provides a summary of the "opinion of probable costs" provided by the consultant regarding the building conditions of municipal facilities. Detailed data regarding the type of capital investment required is contained in Appendix B. The complete set of reports is available on the CGS website.

Table 1: Capital Estimates - Opinion of Probable Costs, Life Cycle Analysis/Building Conditions Report

Facility	Immediate Need (1 to 5 Years)	Long Term Needs (6 to 10 years)	Total
Sudbury Community Arena	$2,375,000	$1,450,000	$3,825,000
Capreol (both pads)	$2,015,000	$1,037,000	$3,052,000
Chelmsford	$1,760,000	$1,057,000	$2,817,000
Edgar Leclair	$751,000	$1,173,000	$1,924,000
Carmichael	$921,000	$756,000	$1,677,000
Cambrian	$895,000	$687,000	$1,582,000
Centennial	$637,000	$911,000	$1,548,000
I.J. Coady	$682,000	$795,000	$1,477,000
Ray Plourde	$764,000	$602,000	$1,366,000
Tom Davies	$563,000	$737,000	$1,300,000
Toe Blake	$785,000	$382,000	$1,167,000
McClelland	$533,000	$602,000	$1,135,000

Garson	$420,000	$462,000	$882,000
Gerry McCrory Countryside	$137,000	$275,000	$412,000
	$13,238,000	$10,926,000	$24,164,000

Data from "Building Condition Assessments" , Construction Control Incorporated, November 2012

Cost Recovery

Historically, municipal arenas are operated on a partial cost recovery basis, therefore, there is some reliance on the tax levy to fund the operations of arenas. As illustrated in the Table 2, the total revenue generated by an arena is able to fund, on average, 64% of the total ***direct operating costs*** for each arena. Data is sourced from the 2011 cost centres for each facility, using the actual for 2011. 2011 data was utilized as it provides a full budget year of actual revenues and expenditures.

Table 2: Direct Operating Cost Recovery 2011

	Expense Total	*Revenue Total*	*Cost Recovery*
Gerry McCrory Countryside (both pads)*	$582,018	$476,139	*82%
Sudbury Arena	$1,472,387	$1,150,131	78%
TM Davies	$599,234	$452,901	76%
Raymond Plourde	$452,987	$338,901	75%
Garson	$421,559	$284,048	67%
Carmichael	$432,420	$281,527	65%
Capreol (both pads)	$461,788	$297,752	64%
Chelmsford	$451,218	$283,436	63%
Dr. Edgar Leclair	$426,692	$263,495	62%
Cambrian	$309,328	$188,889	**61%
McClelland	$538,828	$314,717	58%
Centennial	$384,890	$219,369	57%
Toe Blake (Coniston)	$424,474	$228,033	54%
I.J. Coady	$276,823	$102,252	37%

*Gerry McCrory Countryside Sports Complex is projected to have 100% direct operational cost recovery for 2012, the first full year of operation for the twin pad facility.
**Cambrian Arena is projected to have 100% cost recovery for 2012, which includes additional revenue from all municipal arenas to offset direct operating costs of Cambrian Arena

Table 3 provides an estimated cost recovery if total costs are considered, ***direct operating and annual estimated capital costs***. For the purpose of this analysis, the "opinion of probable cost", as reported in the building conditions analysis for immediate needs (1 – 5 years) was divided by five (5) to generate an estimated annual capital cost for each arena for years 1 – 5. An average for years 6 – 10 was then obtained using the same method.

These averages were then averaged (summed and divided by 2) to obtain an estimate for the 10 year annual average for capital expenses. The table also details the net levy cost of each facility and the cost recovery, including estimated capital costs.

Table 3: Total Cost Recovery (capital 2012 estimates and 2011 operating costs/revenues)

	Direct Operating Expense	*Average Annual Capital Expense (unfunded)*	*Total Expense (Op + Cap)*	*Revenue Total*	*Annual Net Impact on Levy*	*Cost Recovery*
Gerry McCrory Countryside	$582,018	$41,200	$623,218	$476,139	($147,079)	76.4%
TM Davies	$599,234	$129,800	$729,034	$452,901	($276,133)	62.1%
Sudbury Arena	$1,472,387	$382,500	$1,854,887	$1,150,131	($704,756)	62.0%
Garson	$421,559	$88,200	$509,759	$284,048	($225,711)	55.7%
Raymond Plourde	$452,987	$136,600	$589,587	$338,901	($250,686)	57.5%
McClelland	$538,828	$113,200	$652,028	$314,717	($337,311)	48.3%
Dr. Edgar Leclair	$426,692	$192,400	$619,092	$263,495	($355,597)	42.6%
Carmichael	$432,420	$167,700	$600,120	$281,527	($318,593)	46.9%
Centennial	$384,890	$154,800	$539,690	$219,369	($320,321)	40.6%
Toe Blake (Coniston)	$424,474	$116,700	$541,174	$228,033	($313,141)	42.1%
Cambrian	$309,328	$158,200	$467,528	$188,889	($278,639)	40.4%
Chelmsford	$451,218	$281,700	$732,918	$283,436	($449,482)	38.7%
Capreol (both pads)	$461,788	$305,200	$766,988	$297,752	($469,236)	38.8%
I.J. Coady	$276,823	$147,700	$424,523	$102,252	($322,271)	24.1%

Annual Capital estimate derived from an average of the 1-5 year average and the 6 -10 year average from the Building Conditions Report - Opinions of Probable Costs

***Cost recovery is projected to be significantly higher for Countryside and Cambrian for 2012 as both facilities are projected to recover 100% of operating expenses.*

The following table provides a comparison of the cost recovery percentages for direct operating cost and total cost (direct operating and capital) for 2011 . Again, the total costs are calculated from the 2011 cost centres and capital estimates are for a 10 year average based on the information contained in the building condition reports obtained from Construction Control Incorporated.

Table 4: Comparison of Direct and Total Cost Recovery Rates

	without capital	*with capital*
Gerry McCrory Countryside	82%	76%
TM Davies	76%	62%
Sudbury Arena	78%	62%
Garson	67%	56%
Raymond Plourde	75%	57%
McClelland	58%	48%
Dr. Edgar Leclair	62%	43%
Carmichael	65%	47%
Centennial	57%	41%
Toe Blake (Coniston)	54%	42%
Cambrian	61%	40%
Chelmsford	63%	39%
Capreol (both pads)	64%	39%
I.J. Coady	37%	24%

2. A Review of Demand for Ice Time

The current inventory of ice pads in the City of Greater Sudbury is at an all time high, with 16 pads in 14 facilities operating since the commencement of the 2011-2012 ice season. After one full ice season of operation with the current capacity, and the recent ice allocations for the 2012-2013 season having been completed, the City has been able to generate statistics regarding demand and ice requirements.

The ice usage statistics for Greater Sudbury arena facilities for the 2012-2013 ice season remain consistent with historical usage trends. As illustrated in the Table 5 below, the ice usage, particularly for minor prime hours, remains very high, with 5 of the ice pads reporting 100% usage available minor prime hours. Minor prime hours are defined as prime time ice hours for minor associations (figure skating clubs, hockey associations, speed skating, etc..). Minor Prime hours are Monday to Friday, from 5pm to10pm and Saturday and Sunday, from 7am-10pm. Shoulder hours are defined as each week, Monday to Sunday from 10pm to 12am.

Table 6 presents the information regarding ice usage during the shoulder times and suggests a downward trend in all facilities except the Gerry McCory Countryside Sports Complex. The data presented was collected from the "Daily Logs" which are established after ice allocation meetings have occurred with the community and was contained in the Monteith Brown Planning Consultants (MBPC) report, *Analysis Informing the City's Arena Renewal Strategy*, December 2012.

Table 5: Minor Prime Time Ice Usage by Arena (Winter Season) (MBPC)

	2008/09	2009/10	2010/11	2011/12	2012/13	Change (total hours)
Cambrian	100%	*Not in Service*		98%	98%	-2%
Capreol #1	95%	92%	90%	73%	86%	-9%
Capreol #2	95%	93%	96%	94%	90%	-6%
Carmichael	100%	100%	100%	100%	100%	0%
Centennial	98%	98%	92%	96%	97%	-1%
Chelmsford	100%	97%	95%	97%	98%	-2%
Dr. Ed Leclair	98%	100%	100%	100%	100%	-2%
Garson	100%	100%	99%	97%	100%	0%
Countryside #1	100%	100%	100%	100%	98%	-2%
Countryside #2	*Not Yet Constructed*			98%	96%	n/a
I.J. Coady	83%	79%	67%	74%	58%	-30%
McClelland	*Not in Service*	100%	100%	100%	100%	0%
Raymond Plourde	96%	97%	95%	94%	96%	0%
T.M. Davies	100%	100%	100%	100%	100%	0%
Toe Blake Memorial	100%	100%	100%	95%	97%	-3%
Sudbury	100%	98%	98%	98%	95%	-5%
CITY WIDE	98%	97%	95%	95%	94%	--

Table 6: Shoulder Time Ice Usage by Arena (Winter Season) (MBPC)

	2008/09	2009/10	2010/11	2011/12	2012/13	Change (total hours)
Cambrian	75%	*Not in Service*		58%	47%	-14%
Capreol #1	43%	43%	21%	32%	29%	-33%
Capreol #2	39%	43%	43%	21%	25%	-36%
Carmichael	79%	57%	57%	71%	50%	-36%
Centennial	71%	68%	57%	46%	46%	-35%
Chelmsford	64%	39%	36%	54%	50%	-22%
Dr. Ed Leclair	61%	57%	57%	61%	50%	-18%
Garson	89%	79%	75%	61%	61%	-32%
Countryside #1	82%	71%	71%	46%	54%	-35%
Countryside #2	*Not Yet Constructed*			46%	50%	n/a
IJ Coady	14%	14%	7%	7%	7%	-50%
McClelland	*Not in Service*	68%	54%	46%	39%	-42%
Raymond Plourde	54%	54%	43%	36%	32%	-40%
TM Davies	79%	54%	61%	46%	43%	-45%
Toe Blake Memorial	71%	86%	86%	68%	68%	-5%
Sudbury	86%	82%	71%	79%	71%	-17%
CITY WIDE	65%	58%	53%	50%	46%	--

For Tables 5 and 6 - Utilization rates based on 55 prime hours being available each week (M-F 5pm-10pm, S-S 7am-10pm) and 14 shoulder hours each week (M-S 10pm to 12am).

How much ice do we need?

The City's 2004 *Parks, Open Space & Leisure Master Plan* established a provision standard of 1 ice pad per 12,000 population for the City of Greater Sudbury (the existing service level translates into 1 ice pad per 10,017 residents). However, in order to more accurately reflect the factors that affect ice usage, and the demand considerations (such as changing participation rates, an aging population, geographic inequities, etc.) in the City of Greater Sudbury, a target based on number of participants per ice pad was developed by MBPC.

The target used in this report reflects the differences between utilization rates in urban and rural arenas. For example, in urban rinks, utilization can approach 100% in many instances because excess demand can easily be shifted to a nearby rink; in rural areas, a certain amount of excess capacity – particularly for youth – is more common due to smaller populations and challenges in travelling to more distant rinks.

The MBPC report states, "*to help establish a reasonable provision target that is reflective of Greater Sudbury's unique circumstances, it is helpful to consider current utilization as an indicator of demand. Most notably, the number of available prime time hours City-wide has increased every year between 2008/09 and 2012/13, from 18 hours to 48 hours per week. This unused ice equates to the equivalent of 0.9 surplus ice pads (based on 55 hours per week per rink) at present. There is no apparent latent demand (given the availability of prime ice in both the former City and broader community), thereby reinforcing the validity of this finding. With a current supply of 16 pads, demand for 15.1 pads, and youth registration of 6,139, the average provision level is approximately 405 youth registrants per ice pad. This provision level represents the equilibrium where arena demand equals supply in the City of Greater Sudbury.*"

As recommended in the MBPC report, a target of 1 ice pad per 405 youth registrants will be utilized for assessing City-wide arena needs. This target:

- Assumes that youth will use the large majority of minor prime time hours
- Allows for occasional usage from a broader market of users (e.g., tournaments and competitions).
- Is meant to be applied across the entire system and not to specific arenas as usage profiles will be different at each facility.

Based on this "benchmark", the City had some pressure for expanding the ice supply, particularly in the downtown/Sudbury area (6,320 youth registrants and 14 rinks available in the 2008/09 season, this average was 451 per ice pad). This demand appears to have peaked in 2011/12 and was alleviated with the construction of the new ice pad at the Gerry McCrory Countryside Sports Complex. Recent data would suggest that registrations have declined and, based on available demographic data, this trend is projected to continue, potentially creating additional capacity within the system.

The following provides a projection of trends and the resulting number of ice pads required, based on a target of 1 ice pad per 405 youth participants. The projections assume

that the existing rate of participation is maintained (i.e., at 23.5%) and children and youth market segment (ages 5-19) will decline at the forecasted rate. It is expected that demand will decline over the next fifteen years as the primary arena market declines (i.e., children and youth). The analysis suggests that future population growth may eventually offset this, with the City returning to current demand levels by about 2031.

Table 7: Projection of Ice Pad Needs, City of Greater Sudbury (2011 to 2026) (MBPC Report)

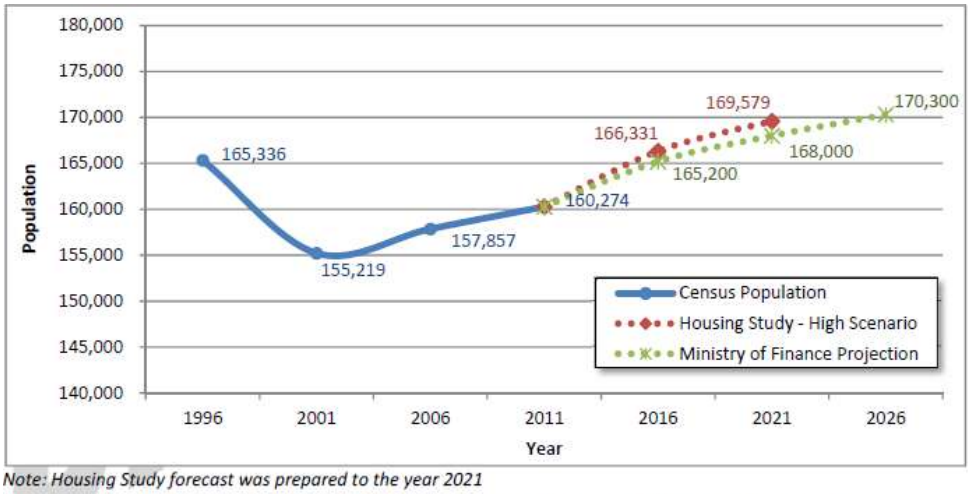
	2012	2016	2021	2026
Forecasted Number of Youth Registrants (based on a 23.5% participation rate for youth ages 5 to 19)	*6,139*	5,918	5,836	6,008
Number of Ice Pads Required (based on 16 pads at present and a provision target of 1 ice pad per 405 youth registrants)	*15.1*	14.6	14.4	14.8
Surplus Ice Pads	**0.9**	**1.4**	**1.6**	**1.2**

Forecasts based on current youth participation rates applied against Ontario Ministry of Finance Projections (Ontario Population Projections Update, 2011–2036)

Demographics

Recent census data and population studies completed by the Ministry of Finance, as illustrated in Figure 1, suggest that Greater Sudbury's population will grow at a consistent rate of approximately 5%. The primary users of arenas in the City of Greater Sudbury are minor sports participants under the age of 18. With this in mind, population data detailing the under 18 cohort has been presented in Table 8. The census information from Statistics Canada suggests that there has been a slight decrease in both males (5%) and females (6%) under 18 from Census 2006 to Census 2011. Projections to 2021 suggest that proportion of "children" (0 -9 years old) in the population will remain at approximately 10%, but the "youth" cohort (10 -19 years old) will decrease by approximately 2%.

Figure 1: Population Projections for the City of Greater Sudbury (MBPC Report)



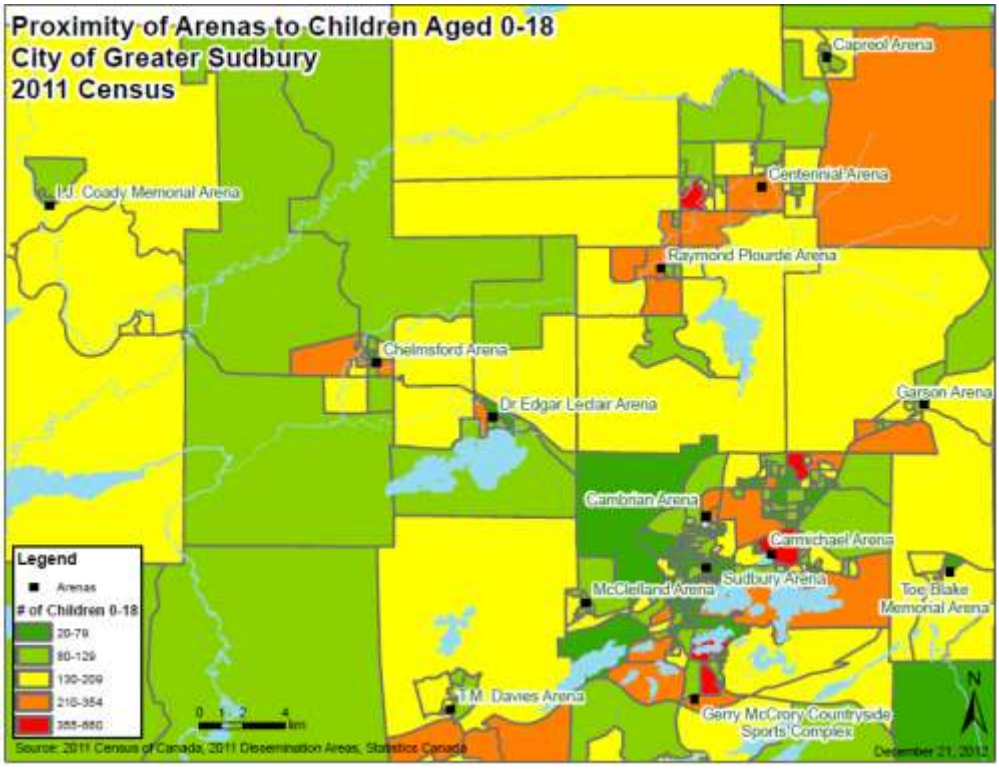
Note: Housing Study forecast was prepared to the year 2021
Source: Statistics Canada Census, 1996-2011; Housing Background Study, 2005; Ministry of Finance, 2012.

Table 8: Total Males and Females <18 (Statistics Canada – Census Data)

Year	*Male*	*Female*	*Total*
2006	16,875	16,290	33,175
2011	16,005	15,260	31,270
variance	-870	-1,030	-1,905
% change	-5.16%	-6.32%	-5.74%

Using GIS technology and 2011 Census information from Statistics Canada, the following map was created to provide a visual representation of the geographical location of Greater Sudbury residents that are under 18 years old. As suggested in Figure 2, there are heavier concentrations of youth in specific areas of Greater Sudbury. Specifically, the areas indicated in orange and red are neighbourhoods/communities that have more dense populations of children/youth. For ease of reference, locations of Greater Sudbury arenas have also been included on the map. As illustrated in the map, the areas in which there are more dense populations of children include Valley East, New Sudbury, Minnow Lake and the south end of the former City of Sudbury. It is also noted that the Onaping Falls, Levack area has little population density of children aged 0 -18.

Figure 2: Map of under 18 population and location of arenas



Participation Statistics

Table 9: # of Participants by Association

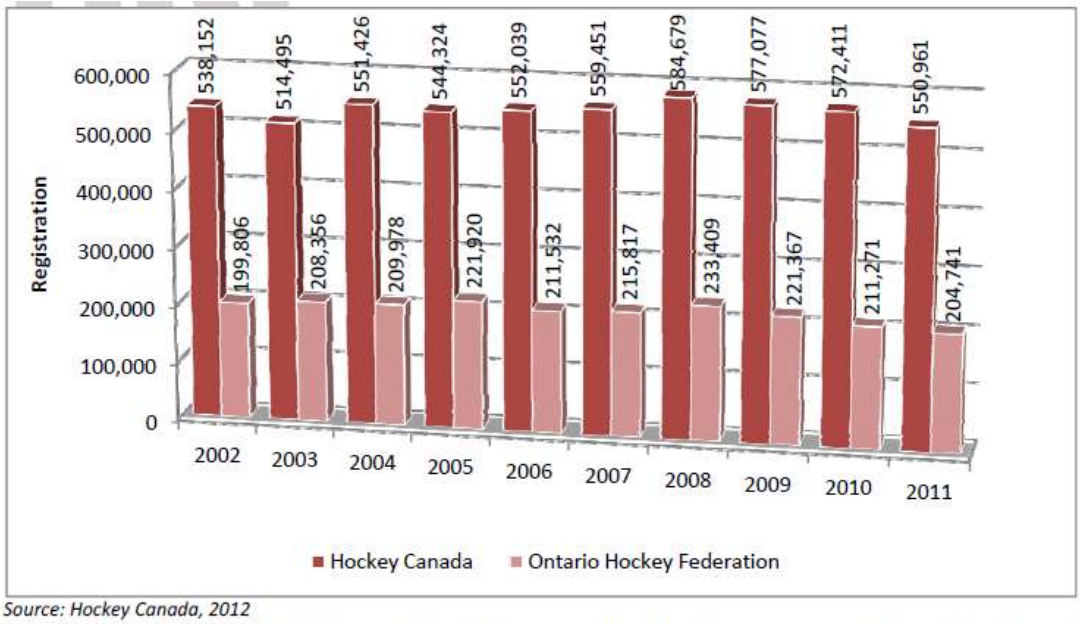
	2009-2010	*2010-2011*	*2011-2012*	*2012-2013*	% Change from 2009 to 2012
Association					
Minor Hockey Associations					
Capreol Minor Hockey	88	92	109	101	12.9%
Coniston Minor Hockey	97	106	101	100	3.0%
Copper Cliff Minor Hockey	550	522	540	516	-6.6%
Nickel Centre Minor Hockey	323	361	214	253	-27.7%
Nickel City Hockey Club			472	479	100.0%
Onaping Falls Minor Hockey	124	139	107	101	-22.8%
Rayside Balfour Minor Hockey	367	365	299	303	-21.1%
Sudbury Girl's Hockey	543	626	658	660	17.7%
Sudbury Minor Hockey	680	716	695	650	-4.6%
Sudbury Playground	573	550	538	489	-17.2%
Valley East Minor Hockey	635	682	716	741	14.3%
Valley East Progressive	128	128			
Walden Minor Hockey	351	347	249	286	-22.7%
Total Minor Hockey	**4459**	**4634**	**4698**	**4679**	**4.7%**
Figure Skating Clubs					
Chelmsford Figure Skating	129	105	126	118	-9.3%
Copper Cliff Figure Skating	244	256	310	257	5.1%
Nickel Blades Figure Skating	346	305	313	201	-72.1%
Sudbury Skating Club	201	166	255	267	24.7%
Valley East Figure Skating	297	235	259	207	-43.5%
Walden Figure Skating	137	147	127	103	-33.0%
Total Figure Skating	**1354**	**1214**	**1390**	**1153**	**-17.4%**
Ringette Associations					
Sudbury Ringette	75	84	96	103	27.2%
Valley East Ringette	152	130	149	119	-27.7%
Walden Ringette	104	125	126	85	-22.4%
Total Ringette	***331***	**339**	**371**	**307**	**-7.8%**

Note: Nickel City Hockey Club came into being in 2011-2012, at this time Walden, Rayside Balfour, Nickel Centre, Onaping Falls and Valley East Associations merged their "rep" hockey programs under the Nickel City Hockey Club governance model

Table 9 compares registrations for minor sports teams/associations that utilize arena facilities in Greater Sudbury, for the 2009-2010 through to the 2012-2013 ice seasons. A comparison over time indicates an increase in demand for minor hockey ice users, with a decrease in demand for figure skating and ringette. It is possible that the increase in hockey and decrease in figure skating and ringette is a result of the corresponding growth of girl's hockey in Greater Sudbury during this period.

Information from Hockey Canada and the Ontario Hockey Federation suggest that there has been an overall decrease in participation in organized sports, including hockey, nationally and provincially. Figure 3 presents national and provincial hockey registration information for the period 2002- 2011

Figure 3: National and Provincial Hockey Registration (youth and adult*), 2002-2011(MBPC)



Source: Hockey Canada, 2012

** For the purposes of consistency, 2011 registration data has been adjusted to remove participants registered in the new joint venture between Hockey Canada and Canlan Ice Sports (this adult recreation league data was first recorded in 2011).*

3. Community Input/Consultations

In order to provide the citizens of Greater Sudbury an opportunity to provide input and feedback regarding the state of arenas in the city, seven (7) consultations were conducted throughout the month of September 2011, in several communities in Greater Sudbury. The consultations were designed as a drop-in and open house experience for citizens, with various fact and figures regarding arenas and arena usage posted on "story boards" with staff present to answer questions and provide additional information. Surveys were available to citizens to complete in order to provide more feedback and opinions regarding the direction that could be considered for the renewal strategy. The surveys were also available on-line. The City of Greater Sudbury's website was utilized to provide information regarding the consultations, as were various social media applications (i.e. Facebook).

The results of the Arena Renewal survey and comments from the community consultations suggest that community arenas are still very important to residents. Although there was no overwhelming consensus on which direction the City of Greater Sudbury should pursue regarding arena renewal, it was clear from the responses that from the perspective of the citizens that participated in the consultations, existing facilities within communities should be maintained. This was suggested in the survey responses where respondents were asked to rank the ***importance of the potential actions*** ("1" being most important and "10" being least important). The lowest average ranking score, which would represent the most important action, was refurbishing current arenas (1.77).

The respondents appeared split in their opinion regarding whether the CGS should build new facilities or invest in repairing existing facilities. The survey asked about the current state of arenas and the respondents' opinion regarding what the CGS should do, 45.8% indicated that they thought repairs were required and 42.6% indicted that the City should build new arenas. During the consultations, anecdotal comments often contained reference to multi-use facilities and the multi-pad facilities in Southern Ontario communities.

4. Considerations and Scenarios

The Arena Renewal Strategy has gathered and examined the data and provided quantitative facts associated with the operations of the existing arena facilities in the City of Greater Sudbury. Several significant issues and challenges are presented to Council for consideration.

Renewal vs. Replacement - Examples

Analysis of the Building Conditions report which provides the estimated capital costs for the next 10 years and the usage and demand statistics derived from historical data, suggests that in certain scenarios, replacement of arenas might present the best business case in terms of impact to the municipal levy, over time.

The following scenarios are examples of potential actions with suggested geographical clusters of current ice facilities that Council could consider regarding arena renewal or replacement. For the purpose of these scenarios, the estimated average net impact on the levy from Table 3 (page 5 of this report) is used in the calculations. The estimate for the annual cost of new facilities is based on debt financing calculated at 3.7% interest, over a 25 year amortization period.

Scenario A(i) provides an estimate for the replacement of the Sudbury Community Arena and Carmicheal Arena with a twin pad facility that could also host an OHL franchise. The estimate is based on a cost of $70 million and assumes that if new facilities are built, they should consist of multi-pads to take advantage of operational efficiencies. ***Scenario A(ii)*** provides an estimate of replacing only the Sudbury Arena at an estimated cost of $66M. Based on the capital needs of these facilities, it would appear that repair and ongoing capital maintenance would have a lesser impact on the levy than would replacement, though there has been some discussion regarding the need to replace the Sudbury Community Arena. There may be some interest in a public-private-partnership (P3) for the replacement of the Sudbury Community Arena, which would have an impact on the cost estimates.

Scenario B suggests the costs to continue to operate I.J. Coady, Chelmsford and Edgar Leclair arenas are slightly more than the costs to internally debt finance the construction of a new twin pad facility. This scenario assumes that, as has been the case with the Gerry McCory Countryside Sports Complex, the direct operating costs would be recovered through revenue from the operations of the facility. Usage data suggests that a twin pad would have the capacity to meet the ice demand of these three existing facilities. In this scenario, because the replacement and repair costs are relatively similar, and because the Chelmsford Arena has historically had issues with the arena floor, consideration could be given to new construction.

The Valley East and Capreol communities currently have 4 ice pads located in 3 facilities. These facilities report consistent usage, and therefore, ***Scenario C*** suggests that a four pad facility could be considered to replace the existing arenas. However, given the estimated annual cost of debt financing such a facility, at the present time, consideration could be given to repairing and maintaining the existing arenas in that area.

There is also evidence to suggest that in some cases, the repairing of existing facilities that are well used would present the best business case. In ***Scenarios D*** and ***E***, the Toe Blake (Coniston) Arena and the Garson Arena, along with the TM Davies Arena and McClelland Arena have the same assumptions applied. The usage at these arenas is very high and therefore, in each scenario, a twin pad would be required to replace both facilities if the same level of service was desired. Clearly, the cost of the capital investment to repair these facilities provides the most advantageous option.

A further assumption considered for replacement vs. renewal is the logic of building multi-pad facilities that offer operational efficiencies, allowing the facility to operate at 100% cost recovery. Also, the scenarios are based on current projections and cost estimates for repair and replacement, as well as the current trends for ice usage.

Table 10: Scenarios for Replacement vs. Repair (based on current estimates and projections)

Scenario A(i)	*Estimated annual net impact on levy (operating + capital)*	
Sudbury Arena	$704,756	
Carmichael Arena	$318,593	
Total estimated annual impact on levy	**$1,023,349**	1
Estimated annual cost of OHL facility (twin pad)	***$4,339,884***	2

Scenario A(ii)	*Estimated annual net impact on levy (operating + capital)*	
Sudbury Arena	$704,756	
Total estimated annual impact on levy	**$704,756**	1
Estimated annual cost of OHL facility single pad	***$4,091,890***	3

Scenario B	*Estimated annual net impact on levy (operating + capital)*	
I.J. Coady	$322,271	
Chelmsford	$449,482	
Dr. Edgar Leclair	$355,597	
Total estimated annual impact on levy	**$1,127,350**	1
Estimated annual cost of twin pad	***$1,363,963***	4

Scenario C	*Estimated annual net impact on levy (operating + capital)*	
Capreol (both pads)	$469,236	
Centennial	$320,321	
Ray Plourde	$250,686	
Total estimated annual impact on levy	**$1,040,243**	1

Estimated annual cost of quad pad	***$2,169,941***	[5]

Scenario D	*Estimated annual net impact on levy (operating + capital)*	
Coniston (Toe Blake)	$313,141	
Garson	$225,711	
Total estimated annual impact on levy	**$538,852**	[1]
Estimated annual cost of twin pad	***$1,363,983***	[3]

Scenario E	*Estimated annual net impact on levy (operating + capital)*	
TM Davies	$276,133	
McClelland	$337,311	
Total estimated annual impact on levy	**$613,444**	[1]
Estimated annual cost of twin pad	***$1,363,983***	[3]

[1] average of annual estimate for 10 years (avg for yr 1 to yr 5 + avg for yr 6 to yr 10)/2

[2] $70M financed for 25 yrs @ 3.7%, assumes operational costs are fully recovered*

[3] $66M financed for 25 yrs @ 3.7%, assumes operational costs are fully recovered*

[4] $22M financed for 25 yrs @ 3.7%, assumes operational costs are fully recovered*

[5] $35M financed for 25 yrs @ 3.7%, assumes operational costs are fully recovered*

** 3.7% is the current OSIFA lending rate from Infrastructure Ontario as per Finance Section*
For comparison purposes, annual impact to the levy is derived from a 10 year estimate, it is assumed that these annual estimates would continue on an annual basis for the useful life of the respective facility. Costs after 10 years would most likely increase due to the age of the facilities (ie. average of 50 years old) and have not been quantified. As a result, this may decrease the gap for comparison purposes.

Emerging Issues

Replacement of the Sudbury Community Arena

Another consideration for Council is the replacement of the Sudbury Community Arena. Already over 60 years old, the arena has surpassed its useful life. However, there has been considerable capital investment in the existing facility (a total of $4.2M over the past 14 years) and the facility does have some historical value for many Greater Sudbury residents. The desire for a new building to house a Sudbury Ontario Hockey League (OHL) franchise has surfaced recently, with the advantages of a newer, efficient facility with a greater seating capacity to allow for the hosting of larger, more prestigious events. The estimated cost for an OHL facility is in the range of $30 – 60M, depending on seating capacity, location and amenities. According to data obtained by MBPC, a conservative estimate for the development of an OHL facility would be approximately $11,000 per permanent seat. The

current seating capacity of the Sudbury Arena is approximately 4662 (including suite seating). A new facility with approximately 6000 seats would be optimal.

The following table from the MBPC report provides a summary of OHL cities and the facilities that have been built in the past 17 years.

As illustrated in the table, replacement of the Sudbury Community Arena would require significant capital investment, and in many cases across Ontario, the municipality assumes/absorbs the risk of the facility, though several new facilities are operated by private sector contract managers. Greater Sudbury would need to carefully evaluate and analyze options for management partnerships.

Table 11: Summary of OHL facilities (MBPC)

Location	Opened	# Seats	Delivery Model	Cost	Risk Allocation
Barrie	1996	4,200	Design-build	NA	City absorbs all risk
Sarnia	1998	5,000	P3	$18.5M	Shared risk formula
Brampton	1998	5,000	P3	$24.5M	City absorbs operating risk
Mississauga	1998	5,400	Design-build	$22M	City absorbs all risk
Guelph	2000	5,100	P3	$21.5M	Shared risk formula
London	2002	9,100	P3	$47M	Shared risk formula
Sault Ste. Marie	2005	5,000	Design-build	$25M	City absorbs all risk
Oshawa	2006	5,400	Design-build	$45M	City absorbs all risk
Kingston	2008	5,200	Design-build	$46.5	City absorbs all risk
Windsor	2008	6,500	Design-build	$40M	City absorbs all risk

Source: Spectator Facility Feasibility Study, City of St. Catharines, Deloitte, 2011

Laurentian University

Laurentian University has confirmed that they will be developing men's and women's varsity hockey teams, as well as intra-mural hockey programs. They have expressed their intent to have these teams ready as early as the 2013-2014 hockey season.

Regarding future plans, the following resolution was passed by the Laurentian University Board of Governors, June 22, 2012:

> *WHEREAS the Board of Governors approved in February 2010 a Multi-purpose athletics facility (Phase I – hockey arena), funded by the private sector as a long-term capital strategic direction;*
> *AND WHEREAS the Strategic Plan 2012 – 2017 includes an outcome to reintroduce men's varsity hockey, and introduce women's varsity hockey;*
> *AND WHEREAS facilities for varsity hockey practice and competition will be rented until a campus arena is available;*

AND WHEREAS the 2012-2013 Operating Budget and multi-year forecast allow for the launch of varsity hockey teams in September 2013, without being contingent on the availability of a campus arena;
BE IT RESOLVED,
THAT the Board of Governors approve the Sudbury Campus Arena Project Proposal, as recommended by the Property Development and Planning Committee at its meeting of June 12, 2012.
BE IT FURTHER RESOLVED THAT the Administrative Project Proposal Committee be structured to:
Pursue discussions with the City of Greater Sudbury regarding ice time availability;
Explore with the City of Greater Sudbury its interest in, and need for, additional ice; and
Investigate models of, and opportunities for, public-private partnerships (P3's) for an arena development.

As of the date of this report, the ice requirements for Laurentian's hockey programs will be accommodated at the Gerry McCrory Countryside Sports Complex.

Municipal Partnerships and Public-Private Partnerships

In their recent report, *Analysis Informing the City's Arena Renewal Strategy*, MBPC have provided detailed information regarding partnerships, their benefits and the differences in types of partnerships. In general, municipalities have entered into partnerships with the private sector as a means of transferring risk and attracting private capital.