



Norfolk County
Office of the Chief Administrative Officer
Governor Simcoe Square
50 Colborne St., S.
Simcoe, Ontario N3Y 4H3
519-426-5870
norfolkcounty.ca

DATE: October 5, 2020

Dear Ice Users,

The purpose of this letter is to seek input from major ice users on future changes to ice rental rates.

Norfolk County is facing a number of fiscal challenges that need to be addressed to ensure our services, such as the provision of arenas, are placed on a more sustainable footing. In particular, the provision of ice surfaces faces two key financial challenges.

The first challenge to be addressed relates to the annual operating cost of providing ice to the community. During the last two ice seasons (2018/2019 and 2019/2020) approximately 9,500 hours of ice was provided to users. For the last two fiscal years the cost to operate the County's arenas was approximately \$3 million, while user fees was just above \$1 million, this means that the amount of taxpayer support for this service is approximately \$2 million. The challenge for the County is to look at options to reduce the amount of taxpayer support for this service.

The second challenge to be addressed is the long term replacement of these critical assets. Currently there are no reserve funds or savings to replace these assets and these assets are aging. The question is again how much should users of the current assets contribute to the eventual replacement of the facilities. The magnitude of this challenge is significant. If for example the construction of a new arena costs \$10 million, the cost to pay for the debt would be approximately \$630,000 per year for 25 years. To view this cost another way - if every hour of ice was assessed a \$10 per hour charge, this would create approximately \$95,000 in revenue. This would account for approximately 15% of the debt servicing costs for the replacement of one (1) arena.

The County as you may be aware has already taken, or is currently exploring, a number of actions to address these issues. The repositioning of the Simcoe Recreation Centre has reduced the total tax levy required for ice use and has also removed the replacement cost of the arena from ice users. The County is also looking at alternative service arrangements for the operations of the arena. Strategies such as this has been used successfully by a number of other communities for years to reduce the cost of arena use on the taxpayer.

While the above measures are being taken the County is also reviewing user fees for ice rentals and would like to get your input on how user fees can be adjusted to address these challenges. We understand that increases in ice rental rates are always difficult for users and having you provide your input is key to this process.

We would like to get input from the ice users on a number of questions including:

- (i) Should increases in user fees be utilized to address these financial issues?
- (ii) If the answer is yes, what proportion of the cost of arenas (annual operating and replacement costs) should user fees cover?
- (iii) Again, if the answer is yes – how would you propose to undertake these increases?

Please feel free to add any further suggestions or approaches that you think should be considered.

We would like to get written responses from your group prior to October 20th. Please feel free to email Nikki Slote at Nikki.Slote@norfolkcounty.ca.

We do appreciate your time to consider these matters and we will share your comments with Council directly on this issue.

Sincerely,

A handwritten signature in black ink that reads "Jason Burgess". The signature is written in a cursive, flowing style.

Jason Burgess

Chief Administrative Officer