

REGULAR COUNCIL

TO: **Mayor & Council** DATE: **May 1, 2024**

FROM: **General Manager, Parks, Recreation & Culture** FILE: **0550-20**

SUBJECT: **Partnering Agreement and License Agreements with the Surrey Eagles Hockey (2022) LLP at the South Surrey Arena**

RECOMMENDATION

The Parks, Recreation & Culture Department recommend that Council:

1. Receive this report for information;
2. Approve the execution by the General Manager of Parks, Recreation & Culture of a Partnering Agreement between the City and the Surrey Eagles Hockey (2022) LLP, subject to compliance with the public notice provisions of the *Community Charter, SBC 2003, C.26*, and as approved by the City Solicitor, all as generally described in this report.; and
3. Approve the execution by the General Manager of Parks, Recreation & Culture of two License Agreements between the City and the Surrey Eagles, subject to compliance with the public notice provisions of the *Community Charter, SBC 2003, C.26*, and as approved by the City Solicitor, all as generally described in this report.

INTENT

The purpose of this report is to obtain Council's approval to enter into a Partnering Agreement and two License Agreements with the Surrey Eagles Hockey (2022) LLP (the "Organization") for the use of ice and facility amenities for the Surrey Eagles Junior Hockey Team, a member of the British Columbia Hockey League "BCHL", at the South Surrey Arena.

BACKGROUND

The South Surrey Arena has been home to the Surrey Eagles Junior Hockey Team since 1992. In 2011, the City negotiated an additional subsidy for the owners of the Surrey Eagles Junior Hockey Team through an assigned ice rate for use of the arena amenities. The owners of the Surrey Eagles Junior Hockey Team have also received assistance through lease in kind for advertising space, office space, storage, dedicated public space for use of merchandise and sales booths, and dressing rooms. The owners of the Surrey Eagles Junior Hockey Team have historically been active members of the community, ensuring the participation of the Surrey Eagles Junior Hockey team in civic celebrations. The Organization, the current owner of the Surrey Eagles Junior Hockey Team, is committed to expanding their community involvement, as described in Appendix "I" of this report.

DISCUSSION

The current License Agreement with the Organization expired on August 31, 2023 and as such staff are recommending new License Agreements. Staff presented an earlier report to Council on September 25, 2023 that was referred back to staff.

The Partnering Agreement and License Agreements

The Partnering Agreement authorizes the City to provide "assistance" to the Organization provided that notice is given (in accordance with both section 24 and section 94 of the *Community Charter*). The proposed Partnering Agreement and License Agreements with the Organization would include an annual assistance in the form of a cash payment, access to pre-approved advertising spaces, reduced ice booking rates for Non BCHL activities, and a lease in kind for the dressing room, storage and dedicated public space areas, all as described in the attached Appendix "II".

The License Agreements

Two License Agreements are proposed. One license agreement will govern the terms and conditions associated with the Organization's use of the South Surrey Arena ice and amenities and ice bookings at other City locations for a three-year term. The second license agreement will govern the terms and conditions of the Organization's use of administrative office space at the South Surrey Arena for a term of one-year and is also described in Appendix "III".

FUNDING

Under the proposed new License Agreements, the City will provide financial assistance in the amount of \$92,500 per year to the Organization. This annual financial assistance is equivalent to the previous 2022/2023 subsidy provided through the discounted ice rental rate. Provision of this financial assistance will be offset by increased revenues based on non-subsidized rates collected from the Organization in accordance with the *Surrey Parks, Recreation and Culture Fee-Setting By-law, 2004, No. 15391*, resulting in a net zero budget impact.

Based on an internal evaluation, the annual rent for the proposed lease of office space, storage, and dressing room area is estimated to be \$58,432 and the annual value of advertising space is estimated to be \$914,100. Examples of team advertising are shown in Appendix "IV". Digital display advertising is estimated at approximately \$170,000. Installation of arena board advertisement is estimated at \$7,095. The Organization may also be provided up to a maximum of \$5,000 of in-kind products through the City's Beverage Contract and \$87,101 in reduced ice booking fees for Non BCHL activities. The Organization will need to apply to Council for an annual grant in lieu of rent for the dressing room, storage, and office space areas for the duration of their License Agreement. Funding for the lease-in kind portion of the assistance will be included in the annual City Grants budget. The total annual assistance to the Organization is valued at \$1,344,228. See Appendix "II" for details of both cash and in-kind assistance.

Legal Services Review

This report has been reviewed by Legal Services.

Finance Review

This report has been reviewed by Finance.

CONCLUSION

Based on the above discussion, it is recommended that Council authorize staff to proceed with a Partnering Agreement and two License Agreements with the Organization.

Laurie Cavan
General Manager
Parks, Recreation & Culture

Appendix "I": Surrey Eagles Junior Hockey Team Community Engagement (Additional Information)

Appendix "II": Assistance to the Organization (Additional Information)

Appendix "III": The Organization's License Agreements (Additional Information)

Appendix "IV": Surrey Eagle's Advertising and Team Branding Examples

Surrey Eagles Junior Hockey Team Community Engagement (Additional Information)

The Surrey Eagles Junior Hockey Team has been an important part of providing hockey entertainment to the community for over 30 years. During this time, the owners of the Surrey Eagles Junior Hockey Team have also supported hockey development for Surrey and BC youth and continue to serve as a pathway for players to access National Collegiate Athletic Association (NCAA) scholarships.

The Surrey Eagles Junior Hockey Team has historically been active in the community, participating in civic celebrations and other local events. The Organization has committed to work with City staff to add to this level of community involvement during the proposed new License term.

Community Involvement

The Surrey Eagles Junior Hockey Team players participate in civic celebrations including Canada Day and other local events. Through the generous support of local businesses, hundreds of sponsored game tickets are provided throughout the year. The Organization also demonstrated support to the community through preparation of 200 Christmas Hampers for families in 2022.

The Surrey Eagles Junior Hockey Team players volunteered at local events and school visits. Skate with the Eagles events followed several Sunday game times and fans were invited to meet their favorite players. The program reached many young skaters and the team provided live hockey entertainment to over 29,000 fans last season.

City staff will be working closely with the Organization to establish a robust Surrey Eagles Junior Hockey Team volunteer engagement program that will provide a minimum of 500 volunteer hours for autograph signing and hockey activation programming at the City, Surrey School District and Community events annually.

Event Participation 2022/2023

- Surrey Canada Day
- RCMP Open House
- Surrey School District Visits
- Para Hockey Night
- Kids Play Foundation – Drug and Gang Forum attendees

The Surrey Eagles hosted a pumpkin patch event in October 2023 that they intend to host annually providing 1000 pumpkins to families.

APPENDIX “II”

Assistance to the Organization (Additional Information)

In 2011, under direction from Council, staff introduced an "assigned" ice rental rate that would provide the owners of the Surrey Eagles Junior Hockey Team with 550 hours of ice for an annual subsidized fee of \$25,000 (or \$45.45 per hour). In the 2022/2023 season, they received 550 hours for an annual subsidized fee of \$32,802 (or \$59.64 per hour).

The annual subsidy provided to the Organization under the assigned ice rate for the 2022/2023 season was as follows:

	Annual Hours	Hourly Subsidy	Total Subsidy
Game	150	\$ 270	\$ 40,500
Practice	400	\$ 130	\$ 52,000
Camps & Programs	65	No subsidy	No Subsidy
Total	550		\$ 92,500

The annual assistance proposed for the new License Agreement introduces a cash payment provided to the Organization in the amount of \$92,500, which over the three-year term totals \$277,500. This annual financial assistance is equivalent to the previous 2022/2023 subsidy level provided through the discounted ice rate. The new annual assistance is to be provided to the Organization in two equal installments. The first installment will be made by September 30th and the remaining amount by January 30th of each License year.

All BCHL ice bookings in the newly proposed three-year term License Agreement with the Organization will be charged in accordance with the *Surrey Parks, Recreation and Culture Fee-Setting By-law, 2004, No. 15391*. The 2024/2025 By-law rates for BCHL Junior Hockey are shown below:

BCHL Junior Hockey	2024/25 Base	2024/25 Fee (Inc. Taxes)
Games	\$349.28	\$366.75
Practices	\$201.93	\$212.03
Camps and Programs	\$221.84	\$232.93

Additional non BCHL ice bookings up to a maximum of 350 hours per License year, will be charged at the BCHL Junior Hockey Camps and Programs rate in accordance with the new License Agreement, providing assistance in the amount of \$87,101 annually.

Lease-In Kind/ Staff Costs/Revenue Loss

The Organization will be provided “assistance” for each year of the License and term through a lease in kind for use of 4,234 ft² of dressing room, office, and storage areas. Additional lease in kind areas will include multi-purpose room space for staff and volunteers on game nights, staff time and materials for the installation of 60 rink boards. The Organization will also be provided “assistance”

through the inclusion of the City’s Beverage Contract and will be allowed to generate revenue independently through advertising sales and team branding opportunities. The potential advertising assistance is based on current market value and at the maximum space available.

Advertising/ Team Branding

The Organization may sell up to a maximum of 187 advertising spaces in locations pre-approved by the City. The advertising spaces are sold annually from September 1st to August 31st. The total estimated annual value of "assistance" for the new term is as follows:

Annal Assistance Categories

Annual "Assistance"	Estimated Annual Value (Cash)	Estimated Annual Value (In-kind)
Cash payment (subsidy for BCHL game and practice rates)	\$92,500	
Advertising Sales		\$914,100
Digital Display Board Advertising		\$170,000
In Kind Non-BCHL League rates charged outside Fee By-law (350 hours)		\$87,101
Lease In Kind (Dressing rooms, meeting space, storage, coaching offices, MP room and team structures)		\$58,432
Team Signage (In Kind Team Branding/ Signage)		\$10,000
In Kind Rink Board Advertising Installation		\$7,095
Organization sponsorship incorporated into City Beverage Contract (consideration for 2024)		\$5,000
Total	\$92,500	\$1,251,728

**The Organization’s License Agreements
(Additional Information)**

License For Use of Ice Time at South Surrey Arena

Staff recommend a three-year term for the new License Agreement with the Organization for the 2023/2024, 2024/2025, and 2025/2026 ice seasons. The proposed License Agreement will include the following additions:

- Introduction of an annual financial assistance of \$92,500 that is equivalent to the subsidy provided by the 2022/ 2023 discounted ice rate. The annual assistance will be provided to the Organization by the City in the form of a cash payment that will be made in two equal installments. The first payment will be issued by September 30 and the remaining amount will be issued by January 30 of each License year. All ice bookings in the proposed License Agreement will be charged in accordance with the *Surrey Parks, Recreation and Culture Fee-Setting By-law, 2004, No. 15391* in effect.
- 350 hours of potential ice bookings for Non BCHL activities charged at the BCHL development camp rate, to a maximum annual assistance of \$87,101. These bookings may be provided at any City of Surrey arena facility depending on available ice.
- Requirement to annually submit the Organization’s financial statements with an independent practitioner’s review engagement report.

License For Use of Dressing Room & Administrative Office Space

The Surrey Eagles Junior Hockey Team has exclusive use of approx. 4,234 ft² of dressing room area, including coaches' office and storage. This space also includes the gross area required to store sixteen (16) single-purpose team structures placed in the general use areas of the arena. These spaces are provided to the Organization as in-kind assistance calculated at market value. In addition, the Organization currently pays a lease for one of the front administration offices at market value. The lease of one front administration office for the 2023/2024 season does not negatively impact the City operations at this time. Staff recommend entering into a one-year License Agreement for the use of one office space within the arena administration area.

Surrey Eagle's Advertising and Team Branding Examples



South Arena Entrance



Merchandise Booth



Trophy Cases



Beer Gardens



Team banners and banner advertisements (East end)



Advertising



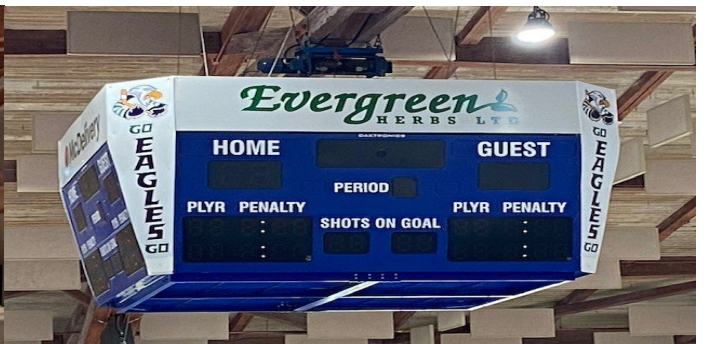
Centre ice / Zamboni ads



Merchandise/ Sales



Team banners (East and West ends)



Scoreclock advertising and team branding