

NO: R169

COUNCIL DATE: July 26, 2010

REGULAR COUNCIL

TO: Mayor & Council **DATE: July 23, 2010**

FROM: General Manager, Engineering **FILE: 0930-30/009**
General Manager, Parks, Recreation and Culture

**SUBJECT: Operating Agreement with the Cloverdale Curling Club for the Cloverdale
Curling Rink at 6142 – 176 Street**

RECOMMENDATIONS

The Engineering Department and the Parks, Recreation and Culture Department recommend that Council approve the execution by the appropriate City officials of an Operating Agreement as generally described in this report with the Cloverdale Curling Club (the “Club”) that will allow for the Club’s continued operation of the Cloverdale Curling Rink for a five year period from September 1, 2010 until August 31, 2015.

BACKGROUND

The Cloverdale Curling Club has since 1954 leased from the City the curling rink building and the land on which it is located within the Cloverdale Fairgrounds. In 1981 the City built the current Curling Rink building with the Club providing \$115,000 towards the cost of the facility. The Cloverdale Curling Rink is the only curling facility in Surrey. The City provides \$60,000 per annum to the Club to offset the lease payments that the Club pays the City for the facility. These funds are directed to the Facilities Division to use in maintaining the facility. Under the terms of the existing lease the Club is responsible for the operational costs of the facility with the City being responsible for mechanical maintenance and major capital improvements and replacements (e.g., roof replacement).

The Cloverdale Curling Rink provides an excellent recreational and social opportunity for Surrey residents through learn to curl programs, curling leagues and other community events. The Club has over 500 members, mostly from Surrey, with over 1,000 curlers participating in weekly leagues, bonspiels, and special events. The Club also provides curling opportunities for several hundred elementary and secondary students each year, as well as seniors and persons with disabilities.

The facility contains six curling sheets, a pro shop, a kitchen and a concession area on the main floor with a 224 seat licensed lounge and viewing area on the second floor. During the ‘off-season’ (April 15 – August 15) the Parks, Recreation & Culture Department (PR&C) assumes use of the dry floor area for recreational programs, rentals and dry grads. The Club retains operation of the second floor lounge area over the off- season period for use as a meeting room and banquet facility.

DISCUSSION

Over the past number of years the Club's operating costs, including staffing, utilities, equipment, and insurance have increased substantially. To offset this increase in operating costs, the Club has had to increase their fees and rates to some of the highest in the Lower Mainland. In addition, the Club recently lost a significant amount of their annual funding through the loss of their annual provincial Direct Access Grant, which amounted to \$20,000.

Competition

The Club competes for business mainly with the Langley Curling Club and to a lesser extent the Coquitlam Curling Club. Both of these other facilities are subsidized by their respective local governments.

The Club has been able to provide the same services as these other curling clubs for substantially less cost to the City of Surrey mainly due to effective management and the dedication of their volunteers. With the reduction in grant monies from the province, the Club has advised the City that it cannot continue to operate without increased financial assistance from the City.

Cost Cutting Measures

The Club, in conjunction with City Facilities Division staff, has recently reviewed the operation of the facility and updated many of the old, inefficient systems, including replacing the ice cooling system with a "re-circulating cooling system", which has resulted in savings. The lighting in the ice area has also been replaced with energy efficient fixtures and bulbs.

The City is currently undertaking upgrades to the facility with funding from the Recreational Infrastructure Canada (RInC) Program. These upgrades include air conditioning for the lounge/viewing area, new plumbing fixtures, and parking lot resurfacing. Once the air conditioning has been installed, the Club is expecting to increase the use and revenue potential of the second floor area during the summer months, as the area was previously under-utilized due to the poor temperature control. In an attempt to generate additional revenues, Realty staff and the Club are currently reviewing a proposal to sub-lease the kitchen and banquet area out to a catering firm; however, some kitchen upgrades will be required to secure this sub-lease.

PR&C staff is working with the Club to expand their programming and generate increased interest in curling. For example, this Fall, there will be a 'learn to curl' program for children. The current model on which the Club operates the facility benefits the City by capitalizing on the expertise of the curling club members and its volunteers.

Proposed Agreement

To continue to operate the facility for the 2010 - 2011 season, the Club is requesting that rather than a lease the Club enter into an Operating Agreement with the City similar to the one that is in place between the City and the Lower Fraser Valley Exhibition Association for the operation of the Cloverdale Fairgrounds. Staff has reviewed this request and has determined that it would be a reasonable approach. On this basis an Operating Agreement has been structured that provides that the Club will operate the Curling Rink including the payment of all operating costs including, amongst other things, staffing, facility rentals, league play and minor maintenance to the facility with the City being responsible for mechanical maintenance and major capital improvements at

the discretion of the City. The Agreement provides for the City to provide an annual grant to the Club of \$30,000, which may be withdrawn or decreased at the City's discretion depending on the revenues generated by the facility from year to year. Given the work that has been completed on the Curling Rink building or is in the process of being completed, staff expects that the costs to the City for mechanical maintenance and major capital improvements over the 5-year term of the proposed Operating Agreement will be no more than \$30,000 per year. As such, the cost to the City for the continued operation of the facility will remain at or below the \$60,000 level, which is the amount that the City has been expending on the facility for the last few years.

Subject to Council approval of this report, staff will include an appropriate allocation in the City's 2011 to 2015 Five Year Financial Plan. The proposed Agreement also brings the insurance and liability requirements for the Club up-to-date. Except as noted in this report the proposed Operating Agreement is consistent with the City's prior lease agreement with the Club.

Legal Services Review

Legal Services has reviewed the recommended Operating Agreement and this report and has no concerns.

SUSTAINABILITY CONSIDERATIONS

Entering into an agreement with the Club for the operation of the Cloverdale Curling Rink will assist the City in meeting the Sustainability Charter's Socio-Cultural Goal 1 being: *"providing a range of accessible and affordable recreation, cultural and library services that respond to the needs and interests of the City's diverse population, including children, youth, seniors, multi-cultural groups, families and those with special needs."*

CONCLUSION

Based on the above discussion, it is recommended that Council approve the execution by the appropriate City officials of an Operating Agreement as generally described in this report with the Cloverdale Curling Club (the "Club") that will allow for the Club's continued operation of the Cloverdale Curling Rink for a five year period from September 1, 2010 until August 31, 2015

Laurie Cavan
General Manager
Parks, Recreation & Culture

Vincent Lalonde, P.Eng.
General Manager
Engineering

VL/WP/KSW/mpr/brb/jkb

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Appendix I. - Aerial Photograph of Cloverdale Curling Rink

APPENDIX I AERIAL PHOTOGRAPH OF SITE



Produced by GIS Section: June 14, 2010, AW

Date of Aerial Photography: April 2009



**SUBJECT PROPERTY
CLOVERDALE CURLING CLUB**

**ENGINEERING
DEPARTMENT**

The data provided is compiled from various sources and IS NOT warranted as to its accuracy or sufficiency by the City of Surrey.
This information is provided for information and convenience purposes only.
Lot sizes, Legal descriptions and encumbrances must be confirmed at the Land Title Office.

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