

NO: **R093**

COUNCIL DATE: **May 25, 2015**

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## REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **May 21, 2015**

FROM: **General Manager, Parks, Recreation and Culture** FILE: **2240-20/C**  
**General Manager, Finance and Technology**

SUBJECT: **Cloverdale Curling Club Operating Agreement 2015 - 2020**

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## RECOMMENDATION

The Parks, Recreation and Culture Department and the Finance and Technology Department recommend that Council approve the renewal of the 2015-2020 Cloverdale Curling Arena operating agreement in the amount of \$65,000 per year plus an annual increase for CPI to a maximum of 2% to be operated by the Cloverdale Curling Club (the “Club”) as generally described in this report.

## BACKGROUND

The Cloverdale Curling Club (previously known as Valley Curling Club) has been operating in the existing building since it was built in 1981. The most recent operating agreement (2010 – 2015) will expire on August 15, 2015.

The Cloverdale Curling Club provides an excellent recreational and social opportunity for Surrey residents through learn to curl programs, leagues and other community events. The Club has over 500 members 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.

The facility contains 6 curling sheets, a pro shop, kitchen and concession area on the main floor with a 224 seat licensed lounge and viewing area on the 2<sup>nd</sup> floor. During the ‘off-season’ (April 15 – August 15) Parks, Recreation & Culture (PRC) assumes use of the dry floor area for recreational programs and rentals. The Club retains operation of the 2<sup>nd</sup> floor lounge area over the off- season period for use as a meeting room and banquet facility.

## DISCUSSION

In response to declining membership numbers in 2011/2012 and 2012/2013 (531, 518 respectively), the Cloverdale Curling Club has made some significant program improvements including the following:

- Increased flexibility to potential curlers with the introduction of “Drop In” curling;
- Provided opportunities for families to try curling;
- Expanded on league formats to attract potential curlers;
- Participation in Cloverdale’s annual Christmas Parade;
- Implementation of new fee structures;
- Hosted Learn-to-Play opportunities; and
- Hosted several Regional, Provincial and International events.

As a result of these strategies the membership has increased to 572 members in 2013/2014 and 593 in 2014/2015.

Despite increases in participation, the Club continues to have financial challenges. With direct competition in Langley and White Rock, the Club strives to keep the membership and drop-in fees competitive. The Curling Club’s fee comparison is attached as **Appendix I**. Further, the Club did not receive a gaming grant (\$40,000) for the 2014/2015 season. The Club actively pursues grants annually to offset operational costs. City owned Curling clubs in the Lower Mainland receive varying level of financial support from the municipality to assist with operating expenses. City staff recognizes that the Cloverdale Curling Club continues to operate the facility very efficiently and effectively and that the Club operates the facility at a lower cost than if the City were to operate the facility.

Over the past five years there have been increases in operating costs such as utilities and maintenance services as well as decreases in revenues from alcohol/bar and food service.

The City of Surrey has provided grant funding to the Cloverdale Curling Club in the amount of \$60,000 annually for the past five years. The 2014 financial statements (attached as **Appendix II**) indicate a Net Income of \$3,525.

The Club is requesting an increase of \$5,000 per year of the agreement to \$65,000 annually with subsequent increases to the grant equal to the Consumer Price Index (CPI) capped at 2% for the four remaining years. The additional funding would allow the club to maintain accessible and affordable curling opportunities to all segments of the community. Annual amounts in the 2015 – 2020 operating agreement are as follows:

- Year 1 \$65,000
- Year 2 \$66,300
- Year 3 \$67,626
- Year 4 \$68,979
- Year 5 \$70,358

The City of Surrey will continue to provide support to the Club for the building envelope, building systems and refrigeration equipment. Under the terms of the new operating agreement the Club will continue to be responsible for the day to day operating costs.

## **SUSTAINABILITY CONSIDERATIONS**

The recommendations of this report are consistent with the objectives of the City's Sustainability Charter; more particularly, the following action items of the Charter:

EC2: The City will support and encourage community economic development;

SC12: The City will encourage and facilitate volunteerism and participation in community activities.

Additionally, 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 through *"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 approval be given to enter into an operating agreement between the City of Surrey and the Cloverdale Curling Club for the 5-year term of 2015 through 2020. If approved, the operating agreement would include \$65,000 to the Club with increases equal to the Consumer Price Index annually for the last four years of the agreement.

Laurie Cavan  
General Manager  
Parks, Recreation and Culture

Vivienne Wilke, CGA, CPA  
General Manager  
Finance and Technology

Appendix "I" – Curling Club Fees Comparison

Appendix "II" – Cloverdale Curling Club 2014 Financial Statements

Appendix I

**Curling Club Fee Comparison**

Fee Comparison Prices are listed for members. Fees vary for non-members. Rates compared are assuming membership and best price available (early registration discounts).

<b>Facility/Club</b>	<b>Junior Rates</b>	<b>Adult 1 league</b>	<b>Adult second league</b>	<b>Daytime leagues</b>	<b>Notes</b>
Cloverdale Curling Club	\$105	\$246	\$226	\$189	Lifetime membership costs \$200
Langley Curling Club	\$135	\$255	\$210	\$175	Membership not required Non-members pay high league fees
Delta Thistles Curling Club	\$105	\$266	\$266	Not listed	League fees Include membership fees
Peace Arch Curling Club	\$250	\$252	\$252	\$160	New building fee \$20  Lifetime membership \$250
Abbotsford Curling Club	\$265	\$308	\$308	\$218	Lifetime membership \$171
Golden Ears Winter Club	\$130	\$270	\$240	\$175	Lifetime membership \$300 Annual membership \$100
Tsawwassen Tunnel Town Curling Club	\$300	\$352	\$235	\$272	Membership fees included

## Cloverdale Curling Club 2014 Financial Statements

## CLOVERDALE CURLING CLUB

## Balance Sheet

May 31, 2014

*(Unaudited - See Notice To Reader)*

	2014	2013
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 20,169	\$ 33,664
Term deposits	86,296	92,189
Accounts receivable	2,262	(216)
Inventory	29,325	30,134
Goods and services tax recoverable	1,846	151
Prepaid expenses	1,901	2,772
PST tax recoverable	303	45
	<u>142,102</u>	<u>158,739</u>
<b>PROPERTY, PLANT AND EQUIPMENT</b> <i>(Net of accumulated amortization)</i>	<u>24,371</u>	<u>30,644</u>
	<u>\$ 166,473</u>	<u>\$ 189,383</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable	\$ 1,556	\$ 30,185
Customer deposit	1,725	406
Deferred income	2,625	1,750
	<u>5,906</u>	<u>32,341</u>
<b>NET ASSETS</b>		
<b>CAPITAL</b>	78,183	78,183
<b>CONTRIBUTED SURPLUS</b>	28,103	28,103
<b>SURPLUS</b>	54,281	50,756
	<u>160,567</u>	<u>157,042</u>
	<u>\$ 166,473</u>	<u>\$ 189,383</u>

APPROVED BY

\_\_\_\_\_  
Director\_\_\_\_\_  
Director

HEMING, WYBORN &amp; GREWAL

**CLOVERDALE CURLING CLUB**

**Statement of Surplus**

**Year Ended May 31, 2014**

*(Unaudited - See Notice To Reader)*

	2014	2013
SURPLUS - BEGINNING OF YEAR	\$ 50,756	\$ 42,718
NET INCOME FOR THE YEAR	<u>3,525</u>	<u>8,038</u>
SURPLUS - END OF YEAR	<u>\$ 54,281</u>	<u>\$ 50,756</u>

**CLOVERDALE CURLING CLUB**

**Statement of Income**

**Year Ended May 31, 2014**

*(Unaudited - See Notice To Reader)*

	<u>2014</u>	<u>2013</u>
<b>RECEIPTS</b>		
Advertising	\$ 2,781	\$ 3,537
Bonspeils	36,083	28,742
Curling fees	147,278	141,354
Gaming grant	-	40,000
Lounge	61,088	67,330
Municipal grant	60,000	60,000
Pro shop	46,898	41,907
Rentals and concession	32,953	33,195
Social events and sundry	7,070	14,052
	<u>394,151</u>	<u>430,117</u>
<b>EXPENSES</b>		
Advertising and promotion	2,420	1,778
Amortization	6,273	7,329
Awards	4,601	3,368
Bad debts	457	1,050
Bonspeils	33,028	25,811
Gaming grant expenditures	-	41,872
Insurance	6,653	6,470
Interest and bank charges	3,845	4,092
Licenses and memberships	10,464	9,180
Lounge	32,455	32,651
Office	2,586	3,298
Pro shop	31,254	37,507
Professional fees	8,208	2,890
Programs and services	9,264	4,492
Repairs and maintenance	28,220	26,536
Social events	2,202	2,771
Sub-contract - ice maintenance	40,000	40,058
Supplies	19,167	29,058
Telephone	1,940	1,904
Utilities	48,845	51,510
Wages and employee benefits	98,744	88,454
	<u>390,626</u>	<u>422,079</u>
<b>NET INCOME</b>	<u>\$ 3,525</u>	<u>\$ 8,038</u>