

Memorandum

To: CSIO Committee

From: Allan Seabrooke, Director of Strategic Services

Date: September 5, 2006

Re: Canadian Sport Institute Ontario Feasibility Study – Site Visit Summary – Edmonton & Calgary, Alberta

Attached is a summary of the findings associated with site visits to a number of sports, wellness and recreation facilities in Edmonton and Calgary from August 22nd to August 25th 2006. The committee members that took part in the site visits were Regional Councillor Jim Jones, Deputy Mayor Frank Scarpitti, Councillor Joe Virgilio, Councillor Khalid Usman, President, Canadian Sport Centre Ontario Debbie Low, Director of Financial and Client Services Joel Lustig and myself.

The attached comments are intended to provide data for future reference, benchmark comparisons and perspectives for future planning.

Summary of Sites Visited

Kinsmen Sports Centre
9100 Walterdale Hill
Edmonton, Alberta
T6E 2V3

Talisman Centre
2225 Macleod Trail South
Calgary, Alberta
T2G 5B6

Millennium Place
2000 Premier Way
Sherwood Park, Alberta
T8H 2G4

University of Calgary (Olympic Oval)
2500 University Drive N.W
Calgary, Alberta
T2N 1N4

Canadian Olympic Park
88 Canada Olympic Park Road S.W
Calgary, Alberta
T3B 5R5

Kinsmen Sports Centre

Key profile statistics:

- Official opening Jan.3, 1968
- Owned and operated by the City of Edmonton
- Aquatics Center built in 1978 to host Commonwealth Games
- 538,213 ft sq.
- Fieldhouse has 200 metre and 250 metre track, three indoor tennis courts, two volleyball courts, three badminton courts and an indoor soccer pitch
- Aquatics has a 50 metre competition pool, a 51 metre warm-up pool, 25 metre dive tank and 13 metre teach pool
- Fitness Centre, 6,800 ft sq. on two levels
- Other amenities include saunas, racquet courts, kids den and fitness centre, cafeteria, lockers, cardio area, equipment centrals, banquet and meeting rooms
- Private services include massage clinic, physical therapy clinic, sports shop (Running Room)
- Kinsmen Park has outdoor tennis courts, soccer, football, and softball diamonds, picnic sites, spray pool, playground, bike trails, par 3 golf course, and lighted cross country ski trails

Budget Information:

- Approximate Direct Operating Expenses 3,337,000 (2005 Actual)
- Approximate Direct Revenue 2,665,000 (2005 Actual)
- Typical Cost Recovery is about 80 % of Direct Operating – Excludes maintenance expenses which are covered by Asset mgt., and includes only on-site staffing costs.
- No reserve funds for replacement of assets
- Funding from tax rate is based on 1997 levy, but is increased annually for staffing increases
- Capital Budget Sources, Kinsmen Club (ongoing) City of Edmonton (ongoing), Province of Alberta (1967 and 1977), Government of Canada (1977)

Facility Strengths:

- Reputation – ability to deliver major provincial, national and international sporting events – history
- Loyal cliental and high customer satisfaction ratings
- Focus on fitness and competitive sports
- “One fee” structure with all facilities under one roof

Facility Issues:

- Aging infrastructure, both facility and equipment
- Suffer by comparison with recently built facilities and equipment
- Current staffing crisis and aging workforce
- Lack of “fun” appeal to families and children
- Expansion capability is difficult due to limitation of existing structure

Hosts / Staff Recommendation to our Committee:

- Design in a flexible multi-functional manner to respond to ongoing, changing trends
- Invest capital money up front on the best products, construction and technology that is available
- Ensure revenue strategies provide reasonable return for re-investment
- Develop close working relationships with key customer groups
- Pay serious attention to water and air quality systems
- Ensure where possible that some portions of the pool are always available for public activity
- Ensure spectator area washrooms are in close proximity, if hosting major competitions
- Research your requirements for storage to ensure adequate space for all areas
- Ensure life cycle reserve funds are in place for the facility
- Theft can be an issue, invest in new security technology measures with design considerations
- Balance your program areas that generate revenue with those that do not

Other Key Comments / Considerations:

- City of Edmonton was experiencing significant growth at the time the Kinsmen Centre opened and as such the facility was welcomed without severe impact on other city facilities
- Club programs moved from smaller community pools (i.e. 25 metres) to the Kinsmen as it was a better venue for the competitive training and feeder programs continued in the community pools.
- The area of draw for the facility is city wide
- The Kinsmen Sports Centre experienced dramatic increases in attendance and revenue on the opening of the Fitness Centre

Millennium Place

A one hour tour of this facility occurred.

Key Profile Statistics:

- Official opening in 2000
- Owned and operated by Strathcona County
- Approximately 220,000 sq. ft.
- Aquatics has a 25 metre lap pool, wave/leisure pool, and whirlpool
- Fitness centre and track (235m loop)
- Group Fitness Studio and Single Gymnasium
- Children's "Edu-tainment" Centre
- Two arenas and an attached "theme" leisure ice skating area
- Private services such as physiotherapy, massage, and a retail sports shop were present
- Membership base is 13,000

Key Observations at this Facility:

- The open concept design created an inviting atmosphere upon entering the facility
- The key focus in this facility is family entertainment with substantial time allocated for drop-in recreation opportunities
- The "leisure ice" concept, attached to a regular ice rink with skates available for rental was an interesting concept
- The play area "(edu-tainment centre)" concept was designed as a comprehensive indoor playground and had a number of exciting play areas for the kids
- The wave / leisure pool area with the lazy river was extremely busy and created a "fun" family oriented play area in the water
- Revenue generation through naming rights in various areas of the facility was evident (eg. Shell, PetroCanada, Powerade)

University of Calgary (Olympic Oval)

Key Profile Statistics:

- Olympic Oval (Speed Skating, Sprint Track, 2 Ice Rinks)
- High Performance Weight Room (40,350sq.ft)
- 1- 50 metre pool and diving platforms
- Gymnastics Centre
- Human Performance Lab / Sport Medicine and Kinesiology Complex
- Racquet Centre and Five Gymnasiums

Key Observations at this Facility:

- While the Olympic Oval in particular provided a world class facility for national and international level athletes, use was clearly evident by 'recreational' athletes from the University and community
- The presence of high-performance, high profile athletes in training at the Oval in conjunction with the associated performance services, creates a dynamic environment of excellence and a level of 'excitement' and 'energy' just by being present in the facility

Canadian Olympic Park

Key Profile Statistics:

- Owned and operated by the Canadian Olympic Development Association
- Official opening 1988- Olympic Winter Games
- Luge and Bobsleigh tracks
- Ice House
- Gymnastics centre
- Ski Jumps
- Fitness Training Centre & Accommodations

Key Observations at this Facility:

- Despite 18 years since the Olympics were held at this park, the Tourism activity is still evident and being marketed to offset operating costs
- Despite the summer season, management has created numerous alternative uses for the facilities to generate revenue, and the buzz of activity was evident (i.e. Ski Jump Tower tours, Mountain Biking, Children's camps, etc.)

Talisman Centre

Key Profile Statistics:

- Opened in 1983 for Western Canada Summer Games
- 260,000 sq. ft
- 15,000 members
- Owned by the City of Calgary and Operated by Lindsay Park Sports Society (Non-Profit – Governance is a Board of Directors)
- Host about 70 events per year, including up to 10 national sporting events programmed for all sports
- Aquatics, 5 separate pools – two 50 meter, dive tank, teach pool, hot tub and whirlpool

- Expansion in 2003 added the second 50 meter pool and one gymnasium
- Fitness Centre (25,000sq. ft)
- Physiotherapy and Sport Medicine Clinic (14,000sq ft.)
- Other amenities include children's and pre-school area, Sears Nutrition Kitchen, Café, lockers, meeting rooms, and retail sports store

Facility Strengths:

- Commitment to superior customer service in all decision making
- The sport organizations are their partners on the operating Board and as such have a vested interest and look at the facility from the perspective of the 'business of sport'
- Successfully packaged the connection to sport with health and wellness
- Have created an environment and mix of multi-functional areas that maximize attendance and user revenue

Facility Issues:

- Expansion has created challenges in the provision of adequate change room areas
- During construction patrons left for other venues requiring a re-focusing of staff to marketing to bring people back to the facility
- Membership rates are higher (i.e. you pay a premium to be a member at Talisman) and as a result there are challenges to creating the vision as value added
- Talisman Centre is an economic "driver" in the community but this is not often clearly articulated or understood

Budget Information:

- Facility Operating Expenses (2005) \$ 7,960, 435
- Facility Operating Revenues (2005) \$ 8,026, 166
- Operating profit of \$ 65, 731 (Note: Revenue includes an annual operating contribution from the City of Calgary for \$694,000) exclusive of sponsorships/naming rights etc.
- Achieved total surplus of \$466, 000 including the sponsorships/naming rights etc.
- Capital Budget Sources included City of Calgary, Federal Government, and Provincial Government

Hosts/ Staff Recommendations to our Committee:

- Do not try to be "everything" to "everybody," stick to the operating model you choose that works for you
- Be entrepreneurial in your approach to operations and marketing
- Refer to your groups as "sports partners" not user groups as you need to work with them to ensure your building remains viable

- Before you decide on your operating model do your homework and examine other sports models all over the world
- Be strategic about who you approach for sponsorships, as there needs to be a consistent message about who you promote
- Enlist the services of a 'futurist' to give you their perspective before the design phase
- Ensure all technical aspects of your facility are leading edge, do not sacrifice in any area where advance technology is available
- "Markham, you have the opportunity to be the leader in the country with this facility, give serious thought to how you will be different."

Other Key Comments / Considerations:

- The dual mandate of the Talisman Centre is not only accurate but has been achieved "To provide training and competition facilities and services for the development of high performance athletes in their respective dryland and aquatic sports and to provide facilities, programs and services for the wellness and recreational sporting needs of the citizens of Calgary"
- The Talisman Centre Strategic Directions are key and appropriate in attracting clients and maintaining financial stability
 - a) "Providing stakeholders with an exceptional 'seriously cool' (engaging, stimulating, motivating, "wow", exciting) environment, including experience, programs, services, and facilities that supports them to enjoy and achieve their sports and wellness goals"
 - b) "Creating and maintaining financial strength that ensures current and long-term sustainability and re-investment opportunities that best serve our stakeholders"
- The connection to high performance, high profile athletes energizes the environment at Talisman. The combination of competitive athletes training alongside children, recreational athletes, seniors and cardiac rehabilitation patients create a rare energy: "an Olympic athlete can show that it's possible to achieve amazing things." Talisman Centre leverages these relationships by having competitive and Olympic athletes speak to children in programs ranging from sports camps to swimming lessons to inspire them to greater achievement.
- Talisman Centre has approximately 45,000 people living in a 10km radius of the facility, a facility in Markham could draw 400,000 + in a 10 km radius

Barr Ryder Architects

The committee also held a meeting with Steve Barr from Barr Ryder Architects. Their firm specializes in the development of Multi-purpose Centre's and Steve provided an overview of their design for a Multiplex Sports/Library Facility in Fort McMurray, Alberta. The facility is over 380,000 sq. ft. at an estimated cost of 120 million dollars. The expected completion is in 2008.

Key Statistics:

- Contains a "leisure aquatics centre" and 54 metre pool
 - Indoor Soccer Fieldhouse
 - Multipurpose Fieldhouse Gymnasium
 - 250 metre and Four Lane Track
 - Fitness Wellness Area
 - Community Library
 - Child Play Area
 - Two Arenas
 - Meeting rooms, Sports Lounge, Concessions
 - Physiotherapy Centre
- (Note: parking for 900 cars)

Key Comments / Considerations:

- Multiplex facilities (under one roof) as opposed to separate facilities show a 15-20% decrease in capital costs; a 20% decrease in yearly operating costs; and a 25 % increase in yearly revenue
- A multiplex can create a ready accessible private sector retail, food services and professional leasehold market including retail sports, soccer shop, Family Lounge Operation, Booster Juice, Amusement games operations, Physiotherapy Clinics and Tuck shop operations
- High volume traffic facilities make the best advertising environment to facilitate sponsorships, naming rights and advertising
- A Multiplex creates a broader mix of spontaneous activities (non-programmed access to gym spaces, fitness, running track, child play space, leisure skating and leisure aquatic environments) where marketing of memberships can occur which are proven approaches to optimizing user revenue
- Indoor Soccer Centre will generate revenue; a Twin Ice Arena can break even; Public Fitness / Wellness Facilities with jogging track recover 130-150% operations/ Leisure Aquatics (not program tanks) recover 60-70% of costs; Performance Arenas (2,500- 8,000 seats) at best break even.

- From an economic perspective the winners in a Multiplex are:

- Soccer
- Fitness / Jogging track
- Sponsorship Sales
- Advertising Sales
- Leasehold Sales
- Membership Approach to Marketing
- Multi-use Spaces

- The costs are:

- Aquatics
- Gymnasium Sports
- Multi-use Room Rental Market
- Common Building Operations

