

## 2.5 BENDIGO ICE SKATING STADIUM

### Document Information

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### Summary/Purpose

This report follows on from previous information provided to Council regarding the potential restructure of management for the re-opening of the Bendigo Ice Skating Stadium in Hattam Street, Golden Square. The report outlines a more detailed proposal from the Bendigo Ice Skating Association to operate the stadium under a set of conditions aimed at providing a more sustainable and financially viable model.

### Policy Context

Providing appropriate recreation facilities to meet the needs of the community such as sports facilities, playgrounds and walking trails.

### Background Information

Previous information has been forthcoming from the Bendigo Ice Skating Association Inc. on a proposal to restructure the management of the Bendigo Ice Skating Stadium after its closure due to financial difficulties late in 2007.

The proposal focussed on reducing staffing costs through the provision of a paid employee and support from volunteers, similar to a traditional model of not for profit sporting venue operation (e.g., Bendigo Tennis Association, Central Victorian Hockey Association) where one or two paid employees are supported with a team of volunteers to operate a sporting venue.

At the time of receiving this information Council had a clear set of parameters which needed to be met to ensure that fair consideration be given to the proposal which involved a loan of up to \$100,000 to the Association to clear debt and provide some renovation to the facility.

These parameters were as follows;

- (a) evidence that the existing plant can operate at a satisfactory level;
- (b) clear evidence of a financial plan which demonstrates a significant level of reduction in operational expenditure, and,
- (c) a clear demonstration that voluntary support within the ice skating community is available and evidence of how this resource will be used.
- (d) evidence the organisational committee will adequately maintain the existing plant

- (e) an agreed understanding of who will operate the facility.

The Association has provided information relevant to these requirements and is summarised below.

## **Report**

### **The proposed model – Community Volunteers**

The model revolves around the capacity of the ice sports clubs and community providing a bank of volunteer labour to provide support to a paid employee who would coordinate the volunteer services and provide day to day operational management of the stadium.

Volunteer roles would be limited to front of house reception, kiosk duties and general cleaning. Plant maintenance would be provided by professional, qualified technicians.

Paid staff and some volunteers would be trained as Level 2 First Aid officers and one of these would always be on duty at all times of stadium operation.

A list of volunteers has been provided with 19 people signed up to contribute some time to the operation of the facility.

Trading hours on a daily basis have also been provided, catering for all sports and general public sessions whilst removing any traditional low patronage times such as Sunday mornings and all day Monday.

### **Marketing**

A brief but specific marketing plan is also included which outlines the use of community advertising opportunities through radio and television along with email communication to schools, holiday programs, youth groups etc to consider the rink and offer deals on special bookings etc.. Included in the plan is a proposal to conduct Blue Light Discos, targeting young people.

Presentation of the site is also mentioned in the marketing plan and this includes a request from Council to grade the front car park and provide some crushed rock as part of any contribution. Given the state of the car park, this is a sensible request and would assist in the presentation and initial experience at the facility as it is currently in very poor condition.

Exterior and interior paintwork to be renewed and improved cleaning regime for public amenities are also recommended as part of the marketing plan.

### **Council requirements**

In terms of specifically addressing the requirements as stated by Council, the Association has specifically addressed these with the following information;

#### **1.Evidence around satisfactory operation of plant**

The plant has been assessed by McCaig's technicians as requiring some work to improve performance and efficiency and this will cost \$9702.50 GST excl. immediately.

A further \$25,000 has been allowed in year 1 of operations toward plant maintenance with \$10,000 per annum in both Year 2 and 3. A further \$25,000 has been allowed for in Year 4.

## **2.Evidence of a financial plan**

A four year plan has been provided between 2009-2012 with a detailed quarterly breakdown provided to show typical seasonal fluctuation within the first 12 months. An approximate 60 percent saving in labour is shown in comparison to the previous year's actuals. This is based on the introduction of volunteer labour. Details of the Financial Plan are shown in the attachments which show a healthy cash flow. Surpluses will be used to fund future capital works including some provision for a future stadium at another site. BISA have also provided a statement outlining the current financial position, a statement of operation to the 30/6/2008, a debt reduction strategy together with an analysis of revenue assumptions.

### Current Financial Position

As of this date BISA has debtors totalling \$82,918 which are owed to both the landlord and the management arm (YMCA).

### Debt Reduction

BISA have and/or are in the process of negotiating specific arrangements for payment and sums have been factored into the cash flow projections. There are no other debts outstanding.

In addition to the above, BISA seek a \$100,000 interest free loan which will be repaid over a period of three (3) financial years.

### Revenue Assumptions

Revenue for the period 1 July, 2008 to 30 June, 2009 is based on historical data. The patronage of the facility is based on the following programs and activities:

General admissions  
Schools  
Private Ice hire  
Aussie Skate  
Aussie Hockey.

Revenue has been increased by 4% from 2009 being the result of more specific marketing programs which will increase usage of the rink. A marketing plan has been included in the documentation provided by BISA.

A further revenue increase of 3.1% has been allowed for in 2012 accounted for by a small price increase and increased patronage.

There has not been any allowance for revenue from donations from Foundations and Trusts in any of the projections.

### Statement of Operations

Documentation has been provided detailing income and expenditure activity for the period up until 30/6/2008. With a conservative income projection of \$60,000 and reduced expenditure in outlays for management, the entity will generate a small surplus of \$6,500. It is proposed to immediately apply 75% of the proposed Council loan towards debt recovery, start up and repairs for the plant. The remaining sum of the loan will be used to address pressing needs associated with plant operation in year one.

### **3. Clear evidence of volunteerism**

Actual names of 19 volunteers have been provided as having signed up to provide time at the stadium. Further to this a brief strategy has been provided outlining the use of the Volunteer Resource Centre and "Grey Army" to ensure a level of recruitment continues as volunteers come and go. Volunteers will mainly be used for collection of entry fees, kiosk operation and cleaning. All account keeping will also be completed by volunteers, specifically Rob Mcleod who is offering his skills in business to maintain financial records.

### **4. Evidence the plant will be maintained**

The model clearly outlines that the plant will be maintained by qualified professional technicians and volunteers will play a nominal in plant operation due to OH and S requirements. A budget allocation has been provided for this professional input.

### **5. An agreed understanding of who will operate the rink**

BISA will continue as the management group charged with operating the rink and will directly provide an employee to administer day to day operations at the stadium. Assurances have been given stating that the existing Board will continue. Currently the Association rules provide for 3 Council positions which include one Councillor position and two officer positions. The officer positions are currently filled by the Managers of Property and Recreation. It is recommended that these officers stay in place on the board for a period of 6 months to ensure operations are following the proposed business model and then Council's direct involvement in the committee be phased out. A Councillor should also be appointed to the board until such time as the stadium has repaid all monies to Council (expected to be 3 years).

### **Conclusion**

Overall, BISA have provided a satisfactory level of detailed information on how the model will operate and have developed a structure not dissimilar to a number of other not for profit sporting Associations operating facilities in Bendigo. One or two paid employees with a bank of regular volunteers can provide a sustainable approach to the operation of a recreation facility, and the financial model presented provides a level of financial return to provide some buffer for unforeseen circumstances, a level of repayment to Council and a return to the stadium,

## **Resource Implications**

BISA requests a maximum of \$100,000 in the form of an interest free loan. BISA have stated that they are prepared to sign an Agreement with Council stating that they will repay the loan over a three year period from the surpluses generated from the operation, or sooner dependant on cash result. The Cash flow forecast demonstrates range of surpluses from \$56,000 in year one up to a cumulative surplus of \$300,000 in year four. A copy of cash flow statement is included in the attachments.

It should be noted that Council has previously provided interest free loans to BISA. The sum of \$80,000 was borrowed in 2000 for a ten year period and was repaid in 6 years.

## **Attachments**

1. Copies of projected cash flows for period up to 30 June, 2008 together with forecasts over the following four financial years have previously been provided to Council.

## **RECOMMENDATION**

1. That Council provide BISA with an interest free loan for the sum of \$100,000 and enter into an agreement for the repayment of the loan over a period of three years commencing 1 July 2008.
2. That it be stipulated that the loan is made available on the condition that Council receive a report every six months detailing the level of financial activity and the financial position of BISA.
3. That Council nominate a representative to the Bendigo Ice Skating Association.