
REGULAR COUNCIL

TO: Mayor & Council **DATE: September 19, 2023**

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

SUBJECT: Partnering Agreement and License and Operating Agreements with the Surrey Eagles at the South Surrey Arena

RECOMMENDATION

The Parks, Recreation & Culture Department and Finance 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, subject to compliance with the public notice provisions of the *Community Charter, SBC 2003, C.26*, 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 and Operating Agreements between the City and the Surrey Eagles, subject to compliance with the public notice provisions of the *Community Charter, SBC 2003, C.26*, 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 and Operating Agreements with the Surrey Eagles (Junior A Hockey Team) for the use of ice and facility amenities at the South Surrey Arena.

BACKGROUND

The South Surrey Arena has been home to the Surrey Eagles since 1992. In 2011, the City negotiated an additional subsidy for the Surrey Eagles through an assigned ice rate for use of the arena amenities. The Eagles have also received assistance through lease in kind for advertising space and office space, storage and dressing rooms. The Surrey Eagles have historically been active members of the community, participating in civic celebrations and are committed to expanding their community involvement, as described in Appendix "I" of this report.

DISCUSSION

The current License and Operating Agreement with the Surrey Eagles expired on August 31, 2023 and as such staff are recommending new License and Operating Agreements.

The Partnering Agreement and License and Operating Agreements

The Partnering Agreement authorizes the City to provide "assistance" to the Surrey Eagles provided that notice is given (both in accordance with section 24 and 94 of the *Community Charter* respectively). The proposed Partnering Agreement and License and Operating Agreements with the Surrey Eagles would include an annual grant in the form of a cash payment, access to limited advertising spaces and a lease in-kind for the dressing room area, all as described in the attached Appendix "II".

The License and Operating Agreements

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

Funding

Under the proposed new License and Operating Agreement, the City of Surrey will provide assistance in the form of a grant payment of \$92,500 per year to the organization. This annual grant is equivalent to the previous 2022/2023 subsidy provided through the discounted rate. Provision of this grant will be offset by increased revenues based on non-subsidized rates collected 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 \$44,000 and the annual value of advertising space is estimated to be \$100,000. The organization will need to apply to Council for an annual grant in lieu of rent for office space and advertising space for the duration of their License and Operating Agreement. Funding for the lease-in-kind portion of the grant will be included in the annual City Grants budget.

Legal Services Review

This report has been reviewed by Legal Services.

CONCLUSION

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

Laurie Cavan
General Manager
Parks, Recreation & Culture

Kam Grewal, CPA, CMA
General Manager
Finance

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

Appendix "II": The Surrey Eagles Subsidy (Additional Information)

Appendix "III": The Surrey Eagles License and Operating Agreements (Additional Information)

**Surrey Eagles Community Engagement
(Additional Information)**

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

The team has historically been active in the community, participating in civic celebrations and other local events. The Eagles have 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 participate in civic celebrations including Canada Day and other local events. Through the generous support of local businesses, the Eagles provide community members with hundreds of sponsored game tickets throughout the year. The Eagles also demonstrated support to the community through preparation of 200 Christmas Hampers for families.

The Surrey Eagles contributed over 100 volunteer hours this past year through participation at local events and school visits. Skate With the Eagles events followed a number of Sunday game times and invited fans on the ice to meet their favorite players. The program reached over 100 young skaters and the team provided live hockey entertainment to over 29,000 fans.

City staff will be working closely with the Eagles to establish a robust volunteer engagement program that will recommend a minimum of 50 volunteer hours for autograph signing and hockey activation programming at the City’s four signature special events annually, as well as local community festivals. The Surrey Eagles will also contribute over 150 hours each year to support sport development programs and services across the city.

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

Surrey Eagles Community Contributions Proposed for the 2023/ 2024 Season

Events	Team Volunteer Hours
City Signature Events (Canada Day, Fusion Festival, Party for the Planet, Surrey Tree Lighting Festival)	50
Sport Development and Community Activation	150
School Visits & Skate with the Eagles Events	50
Local Business Engagement Events	50
Total	300

**The Surrey Eagles Grant
(Additional Information)**

In 2011, under direction from Council, staff introduced an "assigned" ice rental rate that would provide the Surrey Eagles 550 hours of ice for an annual subsidized fee of \$25,000 (or \$45.45 per hour). The assigned ice rental rate in 2022/2023 was \$59.64 per hour for an annual fee of \$32,802 before taxes.

The annual subsidy provided to the Surrey Eagles 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
Total	550		\$ 92,500

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

Lease-in-Kind

The Surrey Eagles will be provided “assistance” for each year of the license and operating term through a lease in-kind for exclusive use of 3,551 ft² of dressing room, office and storage areas. The Eagles will also be provided “assistance” to generate revenue independently through advertising sales. The potential advertising assistance is based on average use at the maximum space available.

Advertising

The Surrey Eagles may sell up to a maximum of 116 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:

Annual “Assistance”	Estimated Annual Value
Lease in-Kind (Dressing rooms)	\$44,000
Advertising Sales (estimated)	\$100,000
Total	\$144,000

All ice bookings in the proposed three-year term License and Operating Agreement with the Surrey Eagles will be charged in accordance with the *Surrey Parks, Recreation and Culture Fee-Setting By-law, 2004, No. 15391*.

Cost Comparison of Jr. A Teams

The following chart shows a range of ice rate and usage hours of Junior A teams across the Province using available data

Team	Ice Rate 2022/23 (Average of practice and game rates.)	Annual Hours	Annual Costs for Ice
Surrey Eagles	\$59.64	550	\$32,802
Langley	\$121.32	470	\$57,020
Interior Div. Team	\$118.77*	438	\$52,020*
Coquitlam	\$94*	412	\$38,703*
Prince George	\$172.50*	426	\$73,500*
Victoria	\$140	409	\$57,323
Nanaimo	\$121.89	390	\$47,537

*2019/2020 numbers available

British Columbia Hockey League (“BCHL”) Teams Average Rate Comparison 2022/2023

	BCHL Average	Semiahmoo Minor Hockey	Surrey Eagles
Ice Rate/ hour	\$128	\$134	\$59.64
Hours/ year	424	770	550
Annual Cost for Ice	\$54,272	\$103,180	\$32,802

Due to the assistance provided by the City, the Surrey Eagles assigned ice rate in 2022/2023 was 53% lower than the average ice rate of other municipalities surveyed in the BCHL and 55% lower than the Surrey youth minor hockey rate. The hours of ice allocated to the Surrey Eagles is approximately 23% higher than the BCHL average.

**The Surrey Eagles License and Operating Agreement
(Additional Information)**

License For Use of Ice Time at South Surrey Arena

The British Columbia Hockey League (“BCHL”) announced May 1, 2023 that they would be leaving Hockey Canada and running as an independent league. This move will require new insurance coverage for players and team personnel as of June 1, 2023. Staff are working with Surrey Eagles to ensure that new insurance provisions continue to meet the City's requirements.

Other changes resulting from BCHL leaving Hockey Canada include changes with transferability of officials and the loss of the affiliated player program in place with sanctioned hockey. These changes are not expected to impact the license agreement directly at this time.

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

- Introduction of an annual grant of \$92,500 that is equivalent to the subsidy provided by the 2022/ 2023 discounted ice rate. The annual grant will be provided to the Surrey Eagles 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 30th and the remaining amount will be issued by January 30th of each license year. All ice bookings in the proposed License and Operating Agreement will be charged in accordance with the *Surrey Parks, Recreation and Culture Fee-Setting By-law, 2004, No. 15391* in effect.
- Requirement to annually submit the organizations' financial statements with an independent practitioner's review engagement report.

License For Use of Dressing Room & Administrative Office Space

The Eagles have exclusive use of approx. 3,551 ft² of dressing room area, including coaches' office and storage. These spaces are provided to the Surrey Eagles as in-kind assistance at market value. In addition, the Surrey Eagles lease one of the front administration offices at market value. The lease of one of the front administration offices for the 2023/2024 season does not negatively impact the City operations. Staff recommend entering into a one-year License and Operating Agreement for the use of one office space within the arena administration area.