

DATE: June 15, 2021

TO: MAYOR AND COUNCIL

NAME AND TITLE: Adam Davey, Director of Community Services & Public Safety

SUBJECT: Restart Plan: Resumption of indoor facilities

ATTACHMENT(S): None

RECOMMENDATION(S):

THAT Council:

1. APPROVES the reopening of all six City Arenas in accordance with Public Health Orders, with budget reopening expenses provided through the Provincial Restart Grant funding; AND
2. APPROVES the reopening of the Prince George Conference & Civic Centre in accordance with Public Health Orders following the completion of Northern Health Authority's Covid-19 vaccination clinic, with budget reopening expenses provided through the Provincial Restart Grant funding; AND
3. APPROVES the resumption of normal Aquatics programming and services at the Prince George Aquatic Centre in accordance with Public Health Orders, with budget expenses provided through the Provincial Restart Grant funding.

PURPOSE:

The purpose of this report is to seek Council direction on the resumption of normal indoor recreational services provided by the City of Prince George, in accordance with the four-phased Provincial Restart Plan. As per the Restart Plan, a potential resumption of normal activities is anticipated as early as September 7. The planning and preparation necessary to resume normal indoor recreation services by the fall requires a decision as soon as possible. As many of these services were cut/reduced in 2020, to counter the revenue loss because of Covid-imposed restrictions, the 2021 City Budget did not include the return of these services in order to keep taxes as low as possible. A return of services comes with a 2021 funding request to return to pre-Covid budget levels in 2022 to provide a similar standard of service (*budget details below*). Administration recommends using the Provincial Restart Grant monies to resume indoor recreational services to Prince George, to a high-level estimate 2021 net cost of \$110,000.

DISCUSSION:

Between March and August 2020, the Community Services & Public Safety Department substantially reduced operational costs by millions of dollars to offset the revenue loss, also in the millions of dollars. Many staff positions were terminated or laid off due to lack of work. 2020 saw the closure of the Prince

George Conference & Civic Centre (PGCCC), Elksentre, CN Centre (for shows and WHL games), and the permanent closure of the Four Seasons Leisure Pool (FSLP). This report provides a tentative return-to-normal roadmap for indoor recreational services, by category, below. This plan is based off the Provincial four-phased Restart Plan, which we are currently in Phase 2 as of June 15. As of writing this report, Phase 3 is slated to begin July 1 and the final phase – return to normal – is slated for September 7. More information is provided by the Province here: <https://www2.gov.bc.ca/gov/content/covid-19/info/restart>

ARENAS:

Limited arena reopening occurred last summer and into the fall months, based upon user-demand, in accordance with Public Health Orders. The Elksentre has been closed since March 2020 in order to reduce expenditures. Additionally, the CN Centre was used for recreational ice. Support to WHL games and shows were not budgeted for. Ice use demand appears to have returned to pre-Covid levels. The City is in a position where Arenas can reopen for the summer and upcoming 2021-22 season within normal (pre-Covid) parameters. The ice season is slated below - this is the current reopening plan for this year:

Arena	Opening Month	Additional information
Kin 3	Open	Ice remained in Kin 2 and 3 all year, based upon user-demand.
Kin 2	Open	Normally, ice comes out to accommodate summer groups. BCNE, etc. were canceled in 2021 allowing ice use year-round.
Kin 1	August 16	First day of ice
CN Centre	August 30	First day of ice
RMCA	September 12	First day of ice
Elksentre	October 2	First day of ice

In order to resume arena operations, pre-Covid budget levels are required. Though some service areas are slated for incremental efficiency improvements that may result in slight savings, cost-drivers and inflation remained unabated during Covid. Thus, the City will need to return budget to arenas to reopen. Revenue is expected to return to normal levels.

PRINCE GEORGE CONFERENCE & CIVIC CENTRE:

Northern Health Authority (NHA) currently has a lease of the facility until December 31, 2021 in order to provide the city's Covid-19 vaccination clinic. Supporting this effort remains the City's first priority. The vaccination rollout continues to progress well, and cautious optimism suggests the vaccine clinic may conclude in the early fall. If this is the case, the PGCCC may be available for community use and rentals as early as late fall. Planning and preparation for a November return date ought to begin this summer to ensure staffing and supports are in place to reconfigure the facility back to a conference and civic centre, complete with food and beverage service, resume bookings, and so forth. Due to the Covid cutbacks and facility closures in 2020, the PGCCC currently has marginal operating budget. The PGCCC during a good year carries approximately a \$750,000 operating subsidy. Current bookings of the facility for the remainder of 2021 are largely community groups, which generally bring minimal revenue. Thus, the restart costs associated with the PGCCC for 2022 are conservatively estimated at a \$1M subsidy amount. This estimate assumes conferences are the last mass-gathering activity to resume, and due to many organizations' travel and training budgets, prudence suggests the late fall of 2021 and 2022 may see lower than normal revenues. However, the fixed costs – expenses - remain largely unchanged.

Alternative options:

Keep the facility closed until certainty in the conference industry returns, in order to reduce the 2022 City Budget. Impacts include loss of a few booked major events for 2022, and an overall reduction of large-capacity space for the community. Private hoteliers and facilities may be able to offset this.¹ The City is also currently under contract with Eurest Food Services until 2023, for the PGCCC, CN Centre and Kin Arenas. Returning the PGCCC to the previous “civic” centre model is also an option. However, depending on hours of operation, the subsidy cost may be even higher due to a significant reduction of revenue (without food and beverage and large private bookings). Keeping the facility closed will save money at the cost of losing events. The longer a service category remains frozen, the harder and more expensive to resume.²

Bottom-line:

Reopening the PGCCC comes with known fixed costs. The pre-Covid budget associated with this facility will need to be restored in order to provide a return to normal service levels. Administration anticipates lower revenues for this facility in 2022 as the conference industry recovers. Estimates at this time are an approximate \$1M subsidy to reopen the PGCCC in 2022. This subsidy amount may be higher, depending on demand. Administration shall closely monitor and report to Council as required.

PRINCE GEORGE AQUATIC CENTRE (PGAC):

The PGAC reopened in September 2020 after a five and a half month closure due to Covid. The reopening has been limited with a reduction of normal services and aquatic programs. The PGAC is scheduled for annual maintenance closure from September 6 to October 11.³ With Four Seasons Leisure Pool permanently closed, there will be no Aquatics available during this time. The phased reopening approach is summarized as follows:

PG. Aquatic Centre Operations – BC Restart Plan

Step 2 – June 15th

- Aquafit classes will increase from low intensity to high intensity
- Physical distance not required on field of play (swim club).

Step 3 – July 1st (*tentative, as per PHO authorization*)

- Masks recommended in public indoor settings
- Spectators permitted (maintain careful social contact)
- Re-open the sauna and steam room (max 3 people)
- Begin using the waves again maintaining careful social contact.
- **Note:** Pool capacity will remain consistent between 80 – 115 swimmers dependent on the pool activity and set-up.

¹ Many hotels do not have the same capacity (ballroom space) as the PGCCC; this may be a limiting factor for larger events.

² Loss of staff subject matter expertise, institutional knowledge and momentum.

³ This closure date was pre-arranged and maintenance work and capital projects have been scheduled already. This is the last scheduled maintenance closure before the 2022 BC Summer Games.

Step 4 – October 12th (Pool closed Sept 6 – Oct 11th for maintenance)

- Resume regular social contact
- Resume drop-in swimming (no contact tracing) with increased capacity as per regular pool standards
- Resume swim meets
- Resume all membership pass plans
- Re-open the gym
- Resume regular use for the hot tub, river, steam room and sauna
- Resume regular swimming lessons (no parent support required)
- Resume school bookings and general recreation bookings
- Resume regular lifesaving/lifeguarding courses (regular social contact)

- **Update PGAC operations having only one pool:**
 - Eliminate Everyone Welcome Swimming Monday – Friday between 4pm – 7pm and replace with Lessons and Clubs
 - Eliminate Lessons and Lanes on weekends between 8:30am-10:30am and replace with Lessons and Clubs
 - No swimming before and after swimming lessons (lack of pool space)
 - No lesson toonie swims (lack of pool space)

The schedule and programming availability will be reduced accordingly, and in a fair and equitable manner, that balances impacts to all users and groups.

Similar to arenas and the PGCCC, there are increased labor costs from staffing back up to pre-Covid levels. These costs assume consistent revenue from aquatics programming; mainly swim lessons. For context, the limited swim lesson opportunities during the past few months have generally sold out in five minutes of opening. The demand for pool use has been consistency high during Covid, peaking at a 6-week registration in advance for popular weekend swim-times.

FINANCIAL CONSIDERATIONS:

At the start of Covid restrictions, the City's largest financial challenge was offsetting the decrease in revenues experienced in a number of areas, such as gaming, transit and parking. However, the largest decrease in revenues and expenses was from recreation services. To now move from the currently restricted operations, to a full restart, requires a reversal of earlier decisions that the City made to adapt to the pandemic.

The fixed costs of owning these facilities have always remained but contracted services, such as catering in the Conference and Civic Centre and the acquisition of shows for the CN Centre now need to come back online. Rehiring of staff is also necessary to meet the demand of pre-pandemic levels of activity. The good news is that the offset for most of these variable expenses is the anticipated return of normal levels of revenue. The difficult part is predicting how quickly, and to what extent, those revenues will come back.

Arenas are demonstrating a high demand during restricted operations and revenues are estimated to return to pre-pandemic levels. Events at the CN Centre, such as entertainment shows or Cougars games are less predictable when it comes to large gatherings. Although Administration feels optimistic, we have estimated revenues conservatively to be prudent financially. Conference and Civic Centre revenue, for reasons described above in this report, are estimated to be much lower than pre-Covid levels.

A summary of the revenue and expense impact to the various venues for the remainder of 2021 are listed below:

2021 Incremental Impact from reopening date to December 31 st				
	Revenue	Expenses	Net	Full Time Equivalent (FTE's) increase*
Arenas	(700,110)	449,064	(251,046)	1.45
Civic Centre	(48,125)	397,807	349,682	9.38
Aquatic Centre	(56,896)	43,380	(13,516)	2.50
Admin	0	24,975	24,975	0.64
TOTAL	(805,131)	915,226	110,095	13.97

*FTE's will be returned to the same level for these facilities as they were in March of 2020

These estimates are dependent on the assumption that normal operations resume in September and estimated revenue targets are reached. The proposed funding source for any shortfall the City may have is the Safe Restart funding from the Province.

The Safe Restart grant is intended to support local governments as they deal with the increased operating costs and lower revenues due to the pandemic. The goal is to ensure local governments can continue to deliver the services people depend on in their communities. Eligible costs include:

- addressing revenues shortfalls;
- facility reopening and operating costs;
- emergency planning and response costs;
- bylaw enforcement and protective services like fire protection and police;
- computer and other electronic technology costs (to improve interconnectivity and virtual communications);
- services for vulnerable persons (e.g. persons living with disabilities, mental illness or addictions,
- persons experiencing homelessness or other vulnerabilities; and
- other related costs

The City received \$6,110,000 as its portion of the Safe Restart Grant program. To date, the City has spent approximately half of those funds to reduce the 2.7% tax increase to 0% for 2021. The City still has just over \$3 million in the Safe Restart Grant program to fund the 2021 budget shortfall that is required to reopen the facilities as described in this report.

Full year estimated impacts to the 2022 Budget Year will be brought to the December 6th Finance and Audit Committee meeting as part of the City's scheduled budget process. By that time, the City will have some data as to how the financials performed in each venue to inform those projections.

SUMMARY AND CONCLUSION:

The Provincial Restart Plan contains a gradual four-phased approach to returning life to normal. We are currently in Phase 2 and tentatively moving into Phase 3 on July 1. Most sport and recreational activities are now allowed, with certain limits on spectators and so forth. Phase 4, tentatively scheduled to commence on September 7, sees a return to normal and all restrictions lifted. To this end, the City is planning and preparing for a return of indoor recreation services to pre-Covid levels. Service levels and the associated staffing and budget numbers were substantially reduced in 2020 as a result of facility closures. In order to return these services, budget needs to return to pre-Covid levels. Administration is seeking Council direction on the reopening of indoor facilities. The expected cost for

the remainder of 2021 is approximately \$110,000. The Provincial Safe Restart Grant is recommended as the funding source.

RESPECTFULLY SUBMITTED:

Adam Davey, Director of Community Services & Public Safety
Kris Dalio, Director of Finance

APPROVED:

Walter Babicz, Acting City Manager

Meeting Date: [Enter 2021/06/28]