

CITY COUNCIL – HOBBS REPORT FOR 2013

March 24, 2014

Overview/History

Hobbs Ice Center is a year-round ice skating facility with three indoor sheets of ice. Originally constructed in 1974, it was expanded to a two sheet indoor facility in 1985. In 2009 Hobbs was expanded again adding a third indoor rink, expanded lobby and restrooms, additional locker rooms, and a new office area for the Parks and Recreation Administrative offices which consolidated buildings and services for continued departmental savings.

Major users include the Eau Claire Youth Hockey Association, the Eau Claire Figure Skating Club, UW-Eau Claire, the Eau Claire Area School District, the Eau Claire/Altoona girls co-op hockey program, the Regis/McDonnell boys co-op hockey program, the Northwest Wisconsin Bucks AAA hockey program, and the City of Eau Claire Parks and Recreation Department. These organizations utilize the facility extensively and are the foundation for continued financial success at Hobbs Ice Center. Additional Revenue is generated through other ice rentals, public skating and open hockey, vending commissions, advertising sales, and concession operations. In recent years, Hobbs Ice Center has also started to host dry floor events which utilize the facility's rink floors in the off season months.

Facility Events

2013 was a very busy year for the groups skating at Hobbs Ice Center. The UWEC Men's team won the NCAA D3 National Championship, playing a home NCAA playoff game for the first time in program history with a Blugold record crowd of 1600 spectators. Eau Claire Memorial also won the 2013 WIAA Boys State Hockey Championship, playing a section final game at Hobbs against Regis/McDonnell/Bloomer in front of 1800 spectators. The Eau Claire Figure Skating Club held 2 competitions in 2013, attracting over 1000 participants in total. The Eau Claire Youth Hockey Association also hosted three youth hockey tournaments, each bringing in 24 teams for a weekend of hockey games. In October of 2013, the Wisconsin Badgers men's hockey team hosted an intrasquad scrimmage in the newly updated O'Brien Rink in front of over 1,000 spectators. Further, in 2013 Hobbs Ice Center hosted several dry floor events including a bridal fair, two consignment sales, a cooking and food trade show, and a volunteer expo. In total, an estimated 650,000 participants and visitors attended Hobbs Ice Center in 2013.

2013 Major Facility Projects

Major facility projects in 2013 included the replacement of the dasher boards and glass in the O'Brien Rink, the replacement of the main boiler, the replacement of the facility's original water heater, and the implementation of a water treatment program for equipment used in the refrigeration process for all three ice sheets.

Preliminary Revenues/Expenses

Revenues in 2013 totaled \$762,571 while operational expenses reached a total of \$681,838 leaving our operation with a net profit from operations of \$80,983. This is the 4th consecutive year the facility has shown a profit from operations. Hobbs continues to show a positive trend in revenue generation as the major users of our facility continue to grow themselves. Another financial highlight this year was a noticeable increase in revenue from open skating. Lunch break skate has shown consistent growth since its inception in 2010 and the 2013 season has really seen a jump in attendance. A second open hockey session was also added for the 2013-2014 skating season and there has been a noticeable increase in open hockey participation due to that as well.

Budgetary Performance and Debt Service

While actual revenues exceeded operational expenses by \$80,983, Hobbs fell short of the budgetary income projection of \$258,000. Revenues were under budget projections by \$66,379, primarily due to revamping of the dasher boards advertising program. We have started a new dasher board advertising program in 2014 and we fully anticipate meeting our advertising revenue projections for this year and beyond. Expenses exceeded appropriations by \$105,638. The largest over expenditures were for electricity and gas which exceeded the budget in total by \$79,058. Even though Hobbs continues to use less energy, the large cost increase reflects utility rate increases, the extremely cold weather, and the increased use of the facility. A few unplanned mechanical projects also contributed to the overage in budgeted expenditures. However, steps are being taken to improve preventative maintenance within the facility and this should lead to continued decrease in utility consumption even with increased facility use as well as increased lifespan of the facility's equipment.

As a result of the shortfall in budgeted income from operations, the 2013 General Fund subsidy for debt service increased from \$32,100 to \$209,111. An appropriation adjustment for Hobbs will be included with the quarterly adjustments in April.

Future

The future for Hobbs Ice Center looks very exciting. There is a continued positive trend in the demand for the facility, so much so that facility users are beginning to use the facility during times of the day which have not traditionally been used. There has been consistent improvement in the level of service to the Hobbs major users and there has also been an increase in facility use from individual renters and groups from outside Eau Claire. For September 2014 - August 2015, Hobbs is increasing fees by 6% for all hourly rentals, both prime/non-prime time rates. There are also slight increases in fees for high school and college varsity games in the O'Brien Rink. Lastly, a new reduced fee for varsity games in the Akervik Rink is being proposed in an effort to alleviate pressure on the O'Brien Rink which should in turn allow more prime time facility use for non-high school user groups. These fee increases will offset the rising utility costs that we continue to experience and will also allow for an improved preventative maintenance program for the building and its equipment.

Major projects for 2014 include a compressor replacement for one of the facility's refrigeration systems, finishing of the club viewing room and the adjacent public bathrooms, and updates to the O'Brien Rink locker rooms. A need has also been determined for the replacement of the ice rink floor in the Akervik Rink. This project will also incorporate updates to the Akervik Rink building space as well as the main ice refrigeration system for Hobbs Ice Center. This project has been identified as a future year project.