



## Background: Olds Minor Hockey Association Operational Business Model

### Olds Minor Hockey Association

#### Re: Operational Business Model Background

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The Olds Minor Hockey Association Board of Directors met on March 26, 2025 to address the projected 2024-2025 budget deficit and the operational factors and business model that have created systemic financial challenges for the Association. While the Association has experienced strong and consistent growth in its annual registrations and general programming, the revenue growth of the Association has not kept pace with additional operating costs, and the registration subsidy model is no longer scalable for an organization the size of Olds Minor Hockey. The Board of Directors considered the following background information and options to determine the best path forward to ensure that local minor hockey continues to be financially sustainable and accessible for hockey families in the future.

#### Decision-Making Authority:

The Board of Directors has the responsibility and authority to make financial and operational decisions on behalf of the Membership under Section 3.7 “Powers and Duties of the Board of Directors” of the Association’s bylaws:

- i. Make decisions for the better governance and organization of the Olds Minor Hockey Association;*
- iii. Have oversight and management of the day-to-day business and affairs of the Association.*
- v. Approve the budget and adjustments thereto;*
- vi. Provide oversight of the collections and authorize the expenditures of the funds of the Association, provided always that funds coming into and allocated by the Association shall be in accordance with the purpose so intended;*

*b. In addition to any other powers which are conferred upon the Board by law or these bylaws, the Board shall have the power to interpret, construe, define and explain the bylaws, policies and procedures of the Association.*

#### Background re: Olds Minor Hockey and Town of Olds Agreement:

- Olds Minor Hockey Association, through contracted agreement with the Town of Olds, has the exclusive right to operate the concession at the Olds Sportsplex.



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### Key Issues Summary:

#### ***Financial Shortfalls and Unsustainability:***

- Currently, the Association's operational model has a registration subsidy built into its business model.
- OMHA's required concession volunteer hours result in an annual \$300/registration *reduction for every athlete's registration* fee in return for the volunteer concession hours provided/*family*. Every year, \$300 is removed from *every registration* in return for the 20 volunteer concession hours provided *per family*.
- In the 2024-2025 hockey season, OMHA had 281 registered families with 423 registered players. This is an estimated \$39,600 subsidy to registration costs for this hockey season alone, as concession volunteer hours are applied *per family*, whereas the registration subsidy is *per player*.
- Adding to the financial pressures of this significant annual shortfall is that concession volunteer hours are not translating into the amount of revenue necessary for the registration subsidy model to be financially sustainable. In short, volunteer hours/concession revenue are not translating into the revenue that OMHA needs to offset the cost of general operations.
- While this financial pattern is evident in recent budget years, for 2024-2025 (with 423 athletes registered) the concession would need to profit \$126,900 to break even on the per player registration subsidies provided to families for their volunteer concession hours. With the concession averaging an annual net profit of approximately \$80,000 annually, the Association is tracking an annual financial shortfall of approximately \$50,000.

#### ***Association Growth and Model Scalability:***

- Based on current and projected growth rates of the Association, OMHA will continue to run larger deficits based on its current per player registration subsidy through volunteer concession hours. With a scalable business model, more growth would result in more revenue to cover growth-related cost increases; however, concession growth has reached its maximum capacity because the Sportsplex has only two ice surfaces that are already scheduled to capacity (during hours that school-aged minors can attend) for practices, skill development sessions, games, and tournaments. Unless the Town of Olds has plans to undertake a major expansion of ice surfaces to be completed in the next year or without significantly higher fan draws to Minor Hockey, Junior, or College games at the Sportsplex, Olds Minor Hockey must immediately adjust its business model to safeguard the organization's financial sustainability.

#### ***Membership Volunteer Fatigue:***

- Hockey families have heavy demands on their schedules for evaluations, practices, pre-game preparations, games, tournaments, specialized skill sessions, and team activities. These significant scheduling demands are amplified for families who have multiple children and youth in hockey.
  - Olds Minor Hockey families also have substantial volunteer obligations and responsibilities at the team level (such as, but not limited to, coaching, managing, scorekeeping, fundraising, tournament support etc.).



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- In addition to the above time pressures, families have had an additional mandatory 20-volunteer hours per season to complete concession hours to offset the operating costs of OMHA and to keep hockey registration costs affordable (the registration subsidy model).
- As the Association has grown, the necessity for volunteer hours to sustain general OMHA operations in areas such as conditioning camps, fundraising, tournament planning, special events, and board participation has also grown; however, with the level of volunteerism required at the team level and the concession, there is no additional volunteer capacity among the membership to fulfill other critical volunteer needs in OMHA general operations.

### ***Inefficiency of Administering the Required Volunteerism Program:***

- Significant Association staff, volunteer, and board time are expended administering the required volunteer concession program. Shift bookings, scheduling changes, cancellations, no-shows, training and re-training of volunteers, and invoicing for missed shifts have resulted in unsustainable time draws on contracted staff, specific board portfolios, and the board in general without the return of revenue to account for lost labour time.
- In the current hockey season, 25 families paid the opt-out fee (\$500) and 84 families paid concession workers to complete their hours (\$300), with 172 families participating in the volunteer program to benefit from the registration subsidy (\$300).
- The mandatory volunteerism and program model has caused some division among Association Members, with smaller families taking exception to having to work the same concession requirement as larger families, even though the financial benefit to larger families is proportionately more beneficial.

### **Options for the Board of Directors Consideration:**

#### ***1) Maintain the Status Quo:***

- While continuing with the current registration subsidy model is an option, it is not a responsible or reasonable option. The Association has been fluctuating in deficit position for approximately three years, and the Board of Directors has a fiduciary duty to act in the best interests of the Association Members, both in terms of financial responsibility but also ensuring there is a local minor hockey program in the future. A failure to address the root issue (the Association has outgrown its current business model) will jeopardize the future of OMHA's hockey program.

#### ***2) Scale the Existing Model:***

- The Board of Directors could, in theory only, change the current volunteer formula from 20 hours/family to 20 hours/player, however, this is not, in application, a responsible or viable option either; the concession does not have enough growth room to add volunteer hours to the schedule, requiring a total of 20 to 80



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concession hours/family/season is not reasonable, and, even with a modified formula, the concession would still not generate enough revenue to address the annual \$50,000 financial shortfall from the registration subsidy.

### **3) *Contract all Concession Services (including labour) to a Third-Party Concession Service Provider with No Option for a Fundraising Rebate Program with the Association for the 2025-2026 Season:***

- Under this option:
  - The projected annual increase of registration would average \$300.00/player (please refer to the chart below which provides projected registration fees/division and level of play. It is important to note that these numbers are projections only based on anticipated costs and that the Board has not adopted these as next year's registration fees).
  - OMHA would retain its exclusivity over the confectionary, food service, and vendor rights at the Sportsplex;
  - The contract for concession services for the 2025-2026 season would no longer require the concession provider to work with OMHA volunteers, but the third-party provider would be required to provide their own labour for concession hours;
  - OMHA would work with the concession provider to provide a reasonable financial return to the Association and to continue with consistent and quality concession services at the Sportsplex.
  - Scenario #3 does not provide an option for the 2025-2026 season for hockey families to participate in a fundraising rebate program coordinated by OMHA to help families directly offset their annual (increased) registration costs. This opportunity could, however, still be pursued for implementation in future hockey seasons.

### **4) *Contract all Concession Services (including labour) to a Third-Party Concession Service Provider and explore the Option for a Fundraising Rebate Program with the Association for the Upcoming Season:***

- All of the bullets in option #3 carry through to this option, except for the last one.
- Scenario #4 commits OMHA to exploring an option for hockey families to participate in a fundraising rebate program for the 2025-2026 season coordinated by OMHA to help families directly offset their annual registration costs. In this scenario, OMHA would implement options for Association-wide fundraising that would assist families *who opt into* a future fundraising rebate program to offset the increased registration cost for hockey.
- Other minor hockey associations have fundraising programs that translate into revenue (ranging anywhere from \$200/family to \$500/player), so shifting to this model could be feasible for OMHA. The difference in approach is that OMHA's forecast revenue and expenses would be covered by the registration fee increase, and the Association would not be not relying on volunteerism to annually make budget. By structuring a rebate program, families who participate in the fundraising rebate program could see an offset in their increased registration fees proportionate to their participation, without the ongoing risk of OMHA having a revenue shortfall.



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- In exploring an optional Fundraising Rebate Program, the Board should be aware that the revenue generated by a fundraising program will need to outweigh the time to administer the program and that there may be other barriers to overcome (for example, the licensing process and waitlist to work casinos and bingos or 50/50's at NHL games can be lengthy). The Board may want to explore options as matter of due diligence to mitigate the financial impact of increased registration fees on families but should be cautious to not overpromise OMHA's ability to deliver on a Fundraising Rebate Program in the 2025-2026 season.

### **5) *Contract all Concession Services (including labour) to a Third-Party Concession Service Provider and explore the Requirement to Participate in a Fundraising Rebate Program with the Association:***

- All of the bullets in option #3 carry through to this option, except for the last one.
- Scenario #5 requires hockey families to participate in a future fundraising rebate program coordinated by OMHA to help families directly offset their annual (increased) registration costs. This scenario essentially maintains the mandatory volunteer requirement of the Volunteer Participation Policy, but the *method* of fundraising would change (i.e. instead of concession hours Members would be required to do bingo or casino hours, for example).
- The same cautions around OMHA's ability to deliver on a future Fundraising Rebate Program for the 2025-2026 also apply to this option.

### **Projected Registration Fees for the 2025-2026 Season:**

The projected registration fees by division and level of play will *average* a \$300/player increase with a restructuring of OMHA's concession model. While it is projected that some divisions may be higher or below the average, the projected registration fee increase/player is an average \$300/player increase. Removing the concession volunteer requirement adjusts OMHA's business model to reflect the financial reality of the size of the organization (and limitations on the growth cap of the concession), and adjusting the corresponding registration fees reflects the actual costs of delivering hockey programs for each division and level of play.

Please note that Pre-Hockey and U7 registration fees are proposed to remain frozen or close to 2024-2025 registration rates; as Hockey Alberta allows first-time registrants to enroll in the local minor hockey association of their choice, it is essential that OMHA retain a competitive advantage to attract incoming players. If OMHA does not attract first-time registrants, a generation of players will potentially be lost to OMHA and significantly jeopardize OMHA's long-term sustainability.

The chart below outlines projected registration fees/division and level of play. It is important to note that these numbers are projections only based on anticipated costs and that the Board has not adopted these as next year's registration fees. The Board will review the anticipated general registration numbers, fixed costs, additional possible costs savings, and the costs of delivering each division and level of play before determining registration



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fees prior to registration opening in June 2025. This chart therefore reflects projected costs only based on numbers available and forecast as of March 11, 2025.

**Projected Registration Fees for 2025-2026:**

*(fees are not finalized this is for general information and transparency purposes only)*

	Projected 2025-2026 Registration Fees	2024-2025 Registration Fees	Increase Amount
PH	\$150.00	\$150.00	\$-
U11 AA	\$1,900.00	\$1,400.00	\$500.00
U13 AA	\$2,150.00	\$1,650.00	\$500.00
U15 AA	\$2,150.00	\$1,700.00	\$450.00
U18 AA	\$2,300.00	\$1,800.00	\$500.00
U7	\$500.00	\$470.00	\$30.00
U9	\$900.00	\$645.00	\$255.00
U11	\$1,050.00	\$785.00	\$265.00
U11F	\$965.00	\$785.00	\$180.00
U13	\$1,200.00	\$880.00	\$320.00
U13F	\$1,115.00	\$880.00	\$235.00
U15	\$1,300.00	\$880.00	\$420.00
U15F	\$1,215.00	\$880.00	\$335.00
U18	\$1,350.00	\$940.00	\$410.00
U18F	\$1,265.00	\$940.00	\$325.00
<b>Average Increase</b>			<b>\$304.63</b>

It is recognized that any increase in registration fees is impactful to families, and the Board has undertaken cost saving measures throughout the 2024-2025 season to reduce operating costs where possible. Even with the projected increases to registration fees, it is also important to note that Olds Minor Hockey's fees will still be below the median average of comparator local minor hockey associations.



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**Mainstream Comparators:**

Comparable Organizations	U7	U9	U11	U13	U15	U18
Proposed New Rate 2025-2026 No Concession	\$500.00	\$900.00	\$1,050.00	\$1,200.00	\$1,300.00	\$1,350.00
Sylvan Lake	\$650.00	\$850.00	\$965.00	\$1,100.00	\$1,300.00	\$1,350.00
Lacombe	\$530.00	\$800.00	\$1,025.00	\$1,075.00	\$1,145.00	\$1,195.00
Okotoks	\$840.00	\$985.00	\$1,110.00	\$1,180.00	\$1,235.00	\$1,250.00
Airdrie	\$615.00	\$765.00	\$1,315.00	\$1,435.00	\$1,350.00	\$1,465.00
Lloydminster (\$200 Fundraising Commitment, per family)	\$850.00	\$985.00	\$1,275.00	\$1,605.00	\$1,650.00	\$1,650.00
High River + (REQUIRE 20HRS VOLUNTEER HOURS)	\$750.00	\$875.00	\$1,275.00	\$1,300.00	\$1,325.00	\$1,400.00
Spruce Grove (6 Bingo Events, \$300 equivalent)	\$905.00	\$1,115.00	\$1,135.00	\$1,270.00	\$1,270.00	\$1,350.00
Beaumont (\$300 Fundraising Commitment, each player)	\$770.00	\$1,015.00	\$1,110.00	\$1,170.00	\$1,235.00	\$1,260.00
Leduc (\$500 Fundraising Commitment, each player)	\$900.00	\$1,000.00	\$1,150.00	\$1,215.00	\$1,215.00	\$1,340.00

Comparable Association	Average Registration Cost	Rank (lowest to Highest)
Lacombe	\$961.67	1
Sylvan Lake	\$1,035.83	2
<b>Olds*</b>	<b>\$1,050.00</b>	<b>3</b>
Beaumont	\$1,093.33	4
Okotoks	\$1,100.00	5
Leduc	\$1,136.67	6
High River	\$1,154.17	7
Airdrie	\$1,157.50	8
Spruce Grove	\$1,174.17	9
Lloyd	\$1,335.83	10

\*Includes projected 2025-2026 registration fee increase.



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**AA Comparators:**

Comparable Organizations	U11AA	U13AA	U15AA	U18AA
Olds (Current)	\$1,400.00	\$1,650.00	\$1,700.00	\$1,800.00
Olds (2026 Proposed)	\$1,900.00	\$2,150.00	\$2,150.00	\$2,300.00
Airdrie	\$1,610.00	\$1,970.00	\$1,970.00	\$2,000.00
Central Alberta Selects	\$1,700.00	\$2,200.00	\$2,300.00	\$2,300.00
Cochrane Average	\$2,262.50	\$2,362.50	\$2,362.50	\$2,912.50
Cochrane Resident	\$1,450.00	\$1,650.00	\$1,650.00	\$2,050.00
Cochrane Import	\$3,075.00	\$3,075.00	\$3,075.00	\$3,775.00
Average	\$1,857.50	\$2,177.50	\$2,210.83	\$2,404.17

Comparable Association	Average Registration Cost	Rank (lowest to Highest)
Airdrie	\$1,887.50	1
<b>Olds*</b>	<b>\$2,125.00</b>	<b>2</b>
Central Alberta Selects	\$2,125.00	2
Cochrane	\$2,475.00	3

\*Includes projected 2025-2026 registration fee increase.

**Decision:**

At the March 26, 2025 board meeting, the Board adopted the following motion:

*“The Board of Directors, having considered the best interests and financial needs of the Association, adopts option three as outlined in the report effective for registration for the 2025-2026 season. The Board further directs that a report on the viability of a possible Fundraising Rebate Program come back to the board for future consideration.”*

The Board then adopted an additional motion to extend the Association’s payment plan from the current four months to six months to allow families more time to manage increases to registration fees.





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### **The Following Rationale for the Decisions Was Provided:**

- This option immediately and most effectively responds to the systemic budget fluctuations and deficits the Association has experienced in the past three years. The Board has a fiduciary obligation to make decisions in the best interests of the Association. As the financial sustainability of the organization would be in jeopardy if the current registration subsidy model continues, once it has an understanding of the systemic issues the Board must act on behalf of its Members to rectify it.
- The proposed registration fees that correspond with this option reflect the actual costs of delivering quality hockey programs by division and level of play. While OMHA has been reluctant to approve even inflationary increases to registration fees, the financial reality is that the Association can no longer artificially subsidize the cost of hockey programs through deficit budgeting and hoping that concession revenue neutralizes the financial shortfall.
- Extending the current four-month payment plan to six months for the 2025-2026 season will help mitigate the short-term impact of increases in registration fees for Olds Minor Hockey families by extending payment options.
- While no one wants to increase registration fees, even with the projected significant increases to registration fees for 2025-2026, it is important to note that Olds Minor Hockey's fees will still be below the median average of registration fees among comparator local minor hockey associations.
- One of the main concerns of removing the concession volunteer requirement is the corresponding average of \$300/athlete registration increase (especially the financial impact this increase will have on larger families). By possibly shifting to an Association-wide volunteer opt-in model for a fundraising program in the future, families who want to offset the costs of their registration in the future can participate in the fundraising rebate program and those who do not want to will not be required to.
- Developing a new approach to a fundraising rebate program may also address one of the core challenges of the concession model in that volunteer hours are not translating into revenue generation for OMHA but are resulting in deficit budgets and volunteer fatigue. By exploring ways of fundraising other than the concession (for example, bingos or casinos), volunteer hours could translate more effectively into actual revenue.

### **Key Summary Points:**

- The Association is financially stable. Financial challenges and fluctuating cycles in recent years necessitated a complete review of the Association's current operational business model (the registration subsidy model). Adopting a new business model, by removing the concession requirement and aligning registration fees with actual cost of hockey programs, completely resolves the financial pattern that developed in recent years and balances OMHA's budget. Olds Minor Hockey's fees will still be below the median average of comparator local minor hockey associations.



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- The projected registration fees for the 2025-2026 season are not finalized. The Board will be adopting next season's registration fees after the review of all fixed costs, potential additional cost saving measures, and actual costs of specific hockey programs is complete, and the Board's objective is to keep registration fees as minimal as possible while addressing the realities of the registration subsidy business model.
- The Board recognizes that any increase to registration fees is impactful to families. The Board therefore has extended the payment plan for registration fees from four months to six months to allow families more time to manage this unexpected financial impact for the upcoming hockey season.
- While it will not reasonably be able to develop and implement a fundraising rebate program that is profitable and effective in advance of the 2025-2026 season, the Board will undertake this work and explore fundraising programs that may help Olds Minor Hockey families offset hockey registration costs in the future.
- Consistent and quality concession services, and Olds Minor Hockey's oversight of the concession, will continue in the upcoming season. The concession is an important part of rink life. While our method of delivering concession services will change, concession services will continue to be provided under an updated business plan.