

Wellness Centre Pool Committee
Agenda – Thursday, April 8, 2021

Agenda

Date: April 8, 2021

Time: 7:45 PM

Location: via Zoom Video Conference

Members Present:

Prior to the scheduled open Meeting of the Wellness Centre & Pool Committee, the Committee will move to a meeting closed to the public per the following:

Resolution:

That pursuant to Section 239(2) of the Municipal Act, R.S.O. 2001, Chapter 25, as amended, the Wellness Centre & Pool Committee will move to a meeting closed to the public in order to address matters pertaining to:

c) a proposed or pending acquisition or disposition of land for municipal or local board purposes; **(YMCA Property Negotiations Update)**

Agenda:

1.a Approve Minutes

That minutes of the October 22nd, 2020 WCPC Meeting are hereby approved as circulated.

1.b Additions to Agenda

1.c Approval of Agenda

That the Agenda for the April 8th, 2021 WCPC Meeting is hereby approved as circulated

1.d Declaration of Pecuniary Interest

2. New Business

2.1 Grant Application Update

Recommendation: That the ICIP Grant Application Update Report be received for information purposes.

2.2 CS&P Review of the Pro formas; see attachment

2.3 Whitestone Council Resolution – Whitestone representatives; see attachment

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2.4 McKellar Council Requests – McKellar representatives; see attachment

2.5 Due Diligence Budget Update

Recommendation: That the April 8th, 2021 Due Diligence Budget Update Report be received for information purposes.

2.6 Public Communication

Recommendation: That the Steering Committee work with the Chair of the WCPC to issue a media release on status of the Recreation and Culture Centre project.

2.7 Moving the Project Forward

Recommendation: That the Steering Committee develop an action plan for addressing the challenges identified in the April 8th Moving the Project Forward report, and report back to the WCPC.

3. Adjournment

Wellness Centre Pool Committee Report & Recommendation

Meeting Date: April 8, 2021

Report Title: ICIP Grant Application Update

Submitted by: Steering Committee

Purpose of Report: Provide an update of the status of the ICIP grant application.

Recommendation: That the ICIP Grant Application Update Report be received for information purposes.

Background:

Following approval by the Wellness Centre and Pool Committee, the ICIP grant application was submitted on November 12, 2019. We understand that many applicants have been advised that their applications have been declined. We continue to be optimistic.

The ICIP grant program is funded by the Provinces and the Federal government. The Province take the lead in screening applications and coordinating questions and answers. We received and responded to questions regarding the application commencing mid 2020. The initial questions appeared to focus on matters relevant to the Province. Since late 2020 and into 2021 the questions have related to Federal priorities such as community employment benefits and climate change. Most recently we provided responses on March 16th and submitted an additional draft response on March 26th.

At this point we believe we have responded to all questions.

Financial Impact: NA

March 29, 2021

Town of Parry Sound
52 Seguin Street,
Parry Sound, Ontario
P2A 1B4

Attention: Parry Sound Wellness Centre Steering Committee
c/o Mr. Clayton Harris, Chief Administrative Officer

Re: Review of Pro Forma of Parry Sound Wellness Centre

Dear Clayton,

This letter outlines our review of the Pro Forma, confirming our approach and provides a review and response to the questions raised in the Letter addressed to Mayor MacDiarmid, dated December 15, 2020, authored by, a seasonal resident of Carling, Robin Plumb. Option A as discussed in this review was presented to the Wellness Centre and Pool Committee (WCPC) at the meeting of October 22, 2019. An outline of the Pro Forma methodology approach and detailed breakdown of Option A Pro Forma assumptions are included, to assist with an understanding of our responses. The objective set out in the Due Diligence RFP was to provide a high level Pro Forma, for the operation of the Wellness Centre. Once the project proceeds to the next phase of design, and an operator is awarded the contract, the proforma should be further refined. For example, with the design finalized energy modelling of the facility can take place, programming will be more certain, augmented by concise revenues estimates, based on established rate structures and membership drives.

We have based our Pro Forma on a conservative approach, founded on memberships and operating cost of comparable facilities operated by the YMCA, such as Gravenhurst, Innisville and Wasaga Beach. The data retained for these facilities was provided by the YMCA.

Pro Forma Methodology

The projected revenues and expenses, outlined in the 2020 Pro Forma, are based on a nearby YMCA, in Gravenhurst, which has similar programming, building size, and membership base. In our opinion

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these numbers are suitable for use in guiding the preliminary pro forma. However, we caution that as the new facility planning is in its very early stages, and many elements of the program, uses, and future revenues and expenses can be refined as more specific details are determined, the numbers may change over time as additional elements come into focus. In summary, the pro forma numbers are likely to evolve over time and should be taken as a starting point.

A detailed breakdown of Option A Pro Forma assumptions follows. These are to assist and clarify the specific responses provided. Please note, the revised Pro Forma attached, was presented to the WCPC at its meeting of October 22, 2019 and includes a column indicating the budget variances from the original 2018 proforma.

Detailed 2020 Pro Forma Revision Breakdown – Option A

Total Source of Operating Funding: After further review, the initial 2018 Pro Forma figures were adjusted to be in-line with Gravenhurst's more recent 2019-2020 actual results. These adjustments reflected a total revenue decreased of \$132,570.

Funding Commentary: Our outline of membership projections is based on our knowledge and experience indicating funding revenue is largely dependant on projected membership and expectations. The Gravenhurst membership in 2020 was 2,000 persons, with a catchment area of 12,000 people (this represents 16.66% of the population). The projected catchment population of the new West Parry Sound facility is much larger, at 18,000 people, as it includes various surrounding municipalities. Although the Parry Sound catchment population is more dispersed, there is very limited alternative municipal facilities in closer proximity then the proposed facility serving West Parry Sound compass compared to Gravenhurst. For this reason, 2,000 persons, as a membership target, at this early stage of planning appears reasonable (this represents 11.1% of the population). Again, there is no way to confirm and verify these numbers at this stage; the membership numbers may in the future be different. Our approach reflects what we feel is a conservative approach, appropriate at this stage of project.

Total Deductions: After further review of the financial assistance and subsidy figure for 2020, based on Gravenhurst actual costs; this total has decreased by \$40,000.

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Net Revenue (A): Total net revenue for 2020 has decreased by \$92,570.

Expenses – Direct Cost (B): Salaries and supply costs have increased for 2020; this total has increased by \$139,570.

Gross Contribution: (A-B=C): Total costs increased by \$232,142.

Facilities and Other Expenses (D): Utilities and day-to-day repairs and expenses increased for 2020 by \$31,800. (Does not include debt repayment or capital reserve funds, discussed below). For Other Expenses the decision was made to reallocate the 2018-line item, of \$292,000, which included a mix of various operating and administrative costs, elsewhere in the 2020 costing.

Contribution from Operations (C-D): Total expenses increased by \$28,058.

Total General and Administrative Expenses: This relates to YMCA administrative and equipment expenses; this total has increased by \$36,400.

Net Cash Contribution: The net cash contribution in the proforma is \$295,200. The net result, of the all the figures above, is an increased expense of \$8,342 for the 2020 Pro Forma Projection for Option A.

Comparison of Costs on a per square Foot Basis: Typically cost/square footage calculations are used to measure/compare facility operating costs. The calculation typically includes costs that relate to the size of a facility, such as utilities and facility maintenance. There have been some references comparing the cost/square foot of the proposed facility in West Parry Sound to other facilities. We understand that these cost/square foot calculations include all operating costs, such as salaries and other overheads that bare no relationship to the size of the facility. We caution against using the cost/square foot calculated in this manner.

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Responses to Letter from Mr. Plumb:

The following section responds to concerns raised by Mr. Plumb with respect to the facilities operating costs.

1. **Operating Cost Decrease from 2018 to 2020: Mr. Plumb's letter makes numerous references to a DMA study that was prepared in 2010 for a facility with different programming than is currently being proposed. The assumptions and details behind the DMA report are not relevant or available for review. The proforma included in our due diligence work is largely based on the actual operating results for the Gravenhurst YMCA and discussions with the YMCA.** The overall operating cost and cash contribution, bottom line number, are added up from several of the line items above, requiring that each line item be reviewed individually. In general, a closer look at more recent Gravenhurst YMCA (Pre-COVID) figures, as a direct comparable, affected and adjustment to the 2020 costs. To further bolster the accuracy of this adjustment, current data for comparable operating YMCA facilities was reviewed and prorated to suit facility size and membership, producing correlated figures, by which assumptions were cross checked.
2. **Capital Replacement Reserves:** These were not included in the Pro-Forma. The decision to exclude these, was based on discussions with several Municipalities. Each Municipality manages replacement reserve funding in a different manner. It is not common for municipalities to establish replacement reserves when facilities are newly constructed. Fully funding a replacement reserve through annual contributions assumes that all major repairs and replacement will be funded through the tax base. It also assumes that there will be no funding through grants, fundraising or future debenture borrowing. It is important to note, that each Municipality is aware of its portion of repair and replacement costs. We would suggest that the Steering Committee, or the governing committee, retain a consultant to provide an asset management plan supported by multi-year cashflow projections once the project has reached the final working drawings and specification stage. A strategy to meet the cashflow requirements can be developed based on the projections. With a new facility, the need for major repair and replacement will not be required for a few years, depending on asset type. The Asset Management Plan should be updated every 2 to 5 years. Although the proposed project budget is \$32 million, the construction costs are more likely to be in the range of +/- \$25 million; this can be confirmed once the final contract documents are complete, and the consulting team has provided a Class A cost estimate.

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3. **Member Subsidies:** Member subsidy expectations were decreased for 2020, based on actual and current Gravenhurst YMCA figures (refer to detailed comments above).
4. **Debt Funding Charges:** These were not included in the Pro Forma. How each Municipality will fund their portion of the capital cost will be determined on an individual basis and is therefore not part of our calculations.
5. **Debt Amortization:** This was not included in the Pro Forma. This aspect will be dealt with by the Municipalities on an individual basis, and is therefore not part of our calculations.

We trust this information meets your requirements, at this time. We would be pleased to review any questions you may have, in regard to the above.

Yours truly,

Sam Spagnuolo
Principal, CS&P Architects Inc.

cc. Susan Lewin, CS&P Architects

Municipality of Whitestone

FINAL MOTION RE POOL & WELLNESS CENTRE APPROVED MARCH 29TH

WHEREAS Council considers a public pool and wellness centre to be an important amenity for the economic and social wellbeing of residents of West Parry Sound, including residents of Whitestone, and

WHEREAS Council recognizes that Whitestone residents are the furthest distance from the proposed pool and wellness centre and may therefore be less likely to use the facility than other WPS residents, and

WHEREAS the Municipality of Whitestone has the smallest population and lowest tax base of the seven WPS municipalities,

THEREFORE BE IT RESOLVED THAT

- 1) The Municipality of Whitestone agrees to contribute to the capital cost of the project the amount of \$250,000., as a one-time contribution, and
- 2) The Municipality of Whitestone further agrees to contribute annually towards any operating deficit of the facility a maximum amount of \$18,316., commencing in the first year of the facility's operation and continuing for ten (10) years thereafter, with the maximum amount to be increased annually by the consumer price index.
- 3) These commitments be contingent upon:
 - (a) Receipt of the full amount of the requested ICIP funding towards construction of the proposed West Parry Sound Pool and Wellness Centre, and
 - (b) The Municipality declines to participate in the proposed Joint Municipal Service Board, and
 - (c) A review of the operating model, projected operating costs, and reserve requirements for the facility by management consultants with expertise in such reviews, to be completed prior to final design, and
 - (d) All other WPS municipalities agreeing to participate financially in the project, and
 - (e) Items (1) and (2) above are the full extent of Whitestone's financial commitment to the project.

TOWNSHIP OF MCKELLAR

Council Meeting Minutes

March 23, 2021

Moved by: Councillor Haskim

Seconded by: Councillor Carmichael

21-134 Be It Resolved That the Council of the Township of McKellar does hereby
 direct the CAO/Clerk to develop concerns raised by Council, circulate to
 Council for approval and then table with Steering Committee for comment as
 soon as possible.

Carried

CLERK’S NOTES

| Recommendation | Council Agreement - Consensus on Recommendation | Council Agreement | Return to Steering Committee for Action | Reasoning |
|------------------------|---|--|--|--|
| 1. Site Recommendation | ✓ | | | |
| 2. Option A | | Council supported the Steering Committee reviewing a phased approach | Review of Phased-in approach: Pool as Ph. 1; Ph.2 Wellness portion of project | Phased approach would be more affordable for all parties, especially smaller municipalities. Re-visit need to demolition existing building, rather add pool to it. |
| 3. Cost Sharing model | | Council supported sending the Cost Sharing model back to the Steering Committee for review | Review of Cost-sharing model, with consideration of alternative models shared with the Steering Committee. ✓ Funding formula review | Two cost sharing models to consider: Capital Cost sharing, and Operating Cost sharing. Councillor Carmichael’s already shared with SC. Council would like a response to the analysis provided. |

| | | | | |
|--|---|--|---|---|
| 4. Joint Municipal Service Board (JMSB) | ✓ | | | |
| 5. JMSB | | Agree with development of JMSB; however, weighted voting has to be reviewed. | Steering Committee to review weighted voting system. Options to be provided to Steering Committee by McKellar for review. | Council would like simple majority for the weighted voting where 4 of 7 municipalities is a majority position. Annual budget changes beyond inflation need ratification by 5 of 7 municipalities. |
| 6. Road Show | ✓ | That the Road Show be invited to present in McKellar with responses to Council's concerns addressed. Operating costs specifically require redress. | | Development of the project is at a point where responses should be provided to municipal interests to be included in Road Show 2 nd iteration. |
| 7. Securing of Site | ✓ | | | |
| 8. Steering Committee to negotiate with 'Y' for operation of facility. | ✓ | | | |
| 9. Pending approval of ICIP grant, Steering Committee to form JMSB | ✓ | | | |

Summary of Councillor Haskim email:

New Thought on the Pool and Wellness Centre

*Supporting a **phased approached**. This concept has met mostly resistance, including myself. Mainly because most of us want brand new, not an add on to an **old building**. Doing a portion for now to save cost and see how our communities support a new pool facility, will be a welcomed proposal, so let's do it.*

Possibility of two phases, but do not add on to the old building.

*Here we go: Let's build just over half of the architect's proposed new design. **Phase 1** - that includes the aquatic portion and some multipurpose space as a (27,000 sq ft) brand-new stand-alone structure. **If needed** years down the road, add the **Phase 2** - Wellness Centre, (21,000 sq ft). and at this point the old YMCA building could be rented out or demolished. In the meantime, it can still be used as a Wellness Centre and we will have our **Stand-alone, brand-new Aquatics Centre structure**.*

The amazing thing about the Architect's new design is it can so easily be divided into 2 separate phases. Could it have been designed with this in mind? Get a copy of the up-to-date Option A plan and fold it, leaving the long corridor with the aquatic's half, there would be some minor design changes.

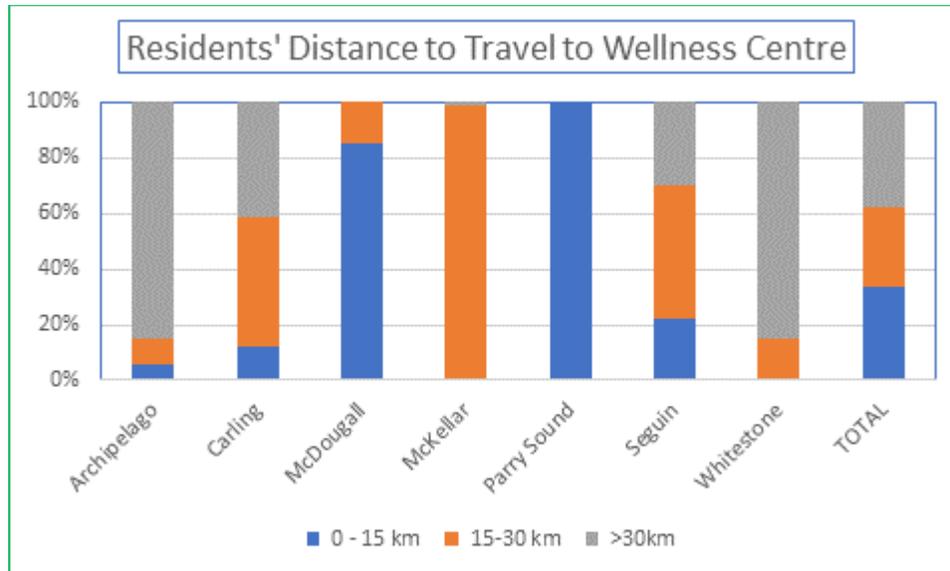
When building Phase 1, it would be quite economical and good foresight to plan for a future phase 2, if ever needed.

Phase 1 will serve the needs of our communities while keeping affordability in mind.

Lance and Michelle, if this thought has some merit, please take it forward to the Steering Committee, at which point they may be able to get more info, and recommend this approach going forward.

Thanks, Morley

By tweaking the estimated contribution in 50% increments across the 3 distance categories, the % for each municipality stays constant. Eg., the current assumption is 16:8:4 resulting in 2,022 memberships. If the actual is closer to 1,000 memberships (8:4:2) then all of our %share stays the same for the operating deficit (no matter how large it is).



| full-time population | residents | regular use: participation rate | | | wellness centre users | | |
|----------------------|--------------|---------------------------------|------------|------------|-----------------------|---------------------|-------------------|
| | | 0-15 km | 15-30 km | > 30 km | frequent users | user % of residents | user % of complex |
| Archipelago | 511 | 4 | 4 | 17 | 26 | 5.0% | 1.3% |
| Carling | 1125 | 22 | 41 | 19 | 82 | 7.3% | 4.1% |
| McDougall | 2702 | 368 | 32 | 0 | 400 | 14.8% | 19.8% |
| McKellar | 1051 | 0 | 83 | 1 | 84 | 7.9% | 4.1% |
| Parry Sound | 6321 | 1,011 | 0 | 0 | 1,011 | 16.0% | 50.0% |
| Seguin | 4303 | 151 | 165 | 52 | 368 | 8.6% | 18.2% |
| Whitestone | 1100 | 0 | 13 | 37 | 51 | 4.6% | 2.5% |
| WPS total | 17113 | 1,558 | 339 | 126 | 2,022 | 11.8% | 100.0% |

Wellness Centre Pool Committee Report & Recommendation

Meeting Date: April 8, 2021
Report Title: Due Diligence Budget Update
Submitted by: Steering Committee

Purpose of Report: Provide a budget update

Recommendation: That the April 8th, 2021 Due Diligence Budget Update Report be received for information purposes.

Background:

All seven (7) municipalities funded a \$170,000 budget to undertake due diligence. Due diligence costs include CS&P Architects/Tatham Engineering and Barriston Law. The following summarizes commitments against the budget.

| | | |
|------------------------------|----------------|------------------|
| Approved Budget | | <u>\$170,000</u> |
| CS&P Proposal | \$126,600 | |
| CS&P grant assistance | \$6,000 | |
| Soil Testing | \$14,700 | |
| Bldg Condition Assm't | <u>\$6,545</u> | |
| CS&P total | | \$153,845 |
| Barriston Law | | <u>\$16,709</u> |
| Total costs invoiced to-date | | <u>\$170,554</u> |
| Net | | <u>(\$554)</u> |

As noted above, the budget has been committed. We anticipate that there will be an invoice from Barriston Law responding to inquiries over the past few weeks. It should be noted that CS&P Architects offered to assist in responding to questions from ICIP and inquiries from the public without charge.

Financial Impact:

If additional work is necessary that requires additional external resources, then additional funds will be required.

Wellness Centre Pool Committee Report & Recommendation

Meeting Date: April 8, 2021

Report Title: Public Communication

Submitted by: Steering Committee

Purpose of Report: To receive input and direction from the Committee regarding public communication

Recommendation: That the Steering Committee work with the Chair of the WCPC to issue a media release on status of the Recreation and Culture Centre project.

Background:

There is a lot of information on today's agenda and although these meetings are live streamed, open to the public and recorded it would be appropriate to provide the public with an update as to the status of the Recreation and Culture Centre project.

Financial Impact: NA

Wellness Centre Pool Committee Report & Recommendation

Meeting Date: April 8,2021

Report Title: Moving the Project Forward

Submitted by: Steering Committee

Purpose of Report: Receive approval for steps to move the project forward

Recommendation: That the Steering Committee develop an action plan for addressing the challenges identified in the April 8th Moving the Project Forward report, and report back to the WCPC.

Background:

To continue to move the project forward there are four (4) key challenges, as follows:

1. Continuing to pursue and secure the grant funding;
2. Discussions with the YMCA re: land and an operating agreement;
3. Analyze the implications and recommend options given the positions taken by Whitestone and McKellar Councils;
4. Identify critical next steps assuming the funding is approved.

Some discussion and analysis are required to assist the Wellness Centre and Pool Committee on how best to move the project forward. The Steering Committee was established to provide support to the WCPC and is best positioned to provide advice.

Financial Impact:

The need for external resources will be evaluated and a proposed budget put forward, as necessary.