

**West Parry Sound Recreation and Cultural Centre Board
Open Meeting Agenda – February 8, 2023**

Date: February 8, 2023
Time: 7:00 PM
Location: via Zoom Video Conference

1. Agenda:

1.1 Move to Closed Meeting

Prior to the scheduled open meeting, the Board will move to a meeting closed to the public per the following resolution:

THAT pursuant to Section 239(2) and (3) of the Municipal Act, S.O. 2001, c.25, as amended, the West Parry Sound Recreation and Cultural Centre Board moves to a meeting closed to the public in order to address matters pertaining to:

k) a position, plan, procedure, criteria or instruction to be applied to any negotiations carried on or to be carried on by or on behalf of the municipality or local board, (**Transfer Payment Agreement Negotiations, Operating Agreement Negotiations**)

1.2 Additions to Agenda

1.3 Approval of Agenda

That the Agenda for the February 8, 2023 West Parry Sound Recreation and Cultural Centre Board is hereby approved as circulated.

1.4 Declaration of Pecuniary Interest

1.5 Approval of Minutes

That the Minutes of the December 14, 2022 West Parry Sound Recreation and Cultural Centre Board are hereby approved as circulated

2. Business

2.1 Chair's Report – Verbal Update

2.2 Matters from Closed Meeting

2.3 Partner Funding Request

Submitted by: Steering Committee

Resolution:

That the Board send a request to the funding partners to submit the balance of their financial commitment to the project by March 31, 2023; and

That the importance of the timely receipt of capital monies from sponsorship and fundraising be conveyed to the Fundraising Team; and

That the Fundraising Team confirm the anticipated timing of receipt of funds.

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2.4 Delegation of Authority

Submitted by: Steering Committee

Resolution:

That the Board delegate authority to commit, manage and control project fund variances and escalation rules as outlined in the February 8, 2023 Delegation of Authority Report.

2.5 HST and Charitable Status Update

Submitted by: Steering Committee

Resolution:

That the update Report on application to CRA for designation as: a commercial operation for HST purposes; and a qualified charity for donation purposes, be received for information purposes.

2.6 Board Orientation Session

Submitted by: Steering Committee

Resolution:

That the Board indicates in the [affirmative/negative] their desire to have an orientation session.

2.7 Fundraising Update – Verbal update

West Parry Sound Area Recreation and Cultural Centre Board Open Meeting Report

Meeting Date: February 8, 2023

Report Title: Funding Request from the Municipal Partners

Submitted by: Steering Committee

Purpose of Report:

To request the that funding partners submit the balance of their respective financial commitment to the project.

Resolution:

That the Board send a request to the funding partners to submit the balance of their financial commitment to the project by March 31, 2023; and

That the importance of the timely receipt of capital monies from sponsorship and fundraising be conveyed to the Fundraising Team; and

That the Fundraising Team confirm the anticipated timing of receipt of funds.

Background:

As we move forward with retaining a construction manager and the design and construction of the new recreation and cultural centre, the cashflow requirements will be significant. Although most of the capital costs will eventually be funded through grants and fundraising, ICIP reimbursement will only be received after the MSB has incurred the costs, and the timing of the portion of the project to be funded through sponsorship and fundraising is uncertain.

Under the ICIP Transfer Payment Agreement project expenses are to be reimbursed annually. This puts significant financial strain on the project, increasing the need for cashflow funding. To reduce the cashflow constraints, staff reached out to ICIP and received approval to submit quarterly claims for reimbursement.

Staff have prepared a cash flow forecast for the project. Cashflow requirements are approximately \$1.5m per month. The forecast is based on the following:

1. Cash flows from the Project Manager;
2. Assumed quarterly reimbursement from ICIP, one quarter in arrears;
3. \$5m in sponsorship and fundraising dollars received by September 2023. The RFP states that the successful proponent will be required to have the major capital sponsorships identified and contracted by September 2023, unless otherwise advised;
4. The objective is to have at least one month's cashflow (\$1.5m) on hand to manage cashflow fluctuations; and
5. Renovations to the existing YMCA building occur evenly between June 2023 and May 2025.

West Parry Sound Area Recreation and Cultural Centre Board Open Meeting Report

The cashflow forecast provided as Attachment 1 shows the \$5m in fundraising dollars being received by September 2023. This assumptions should be confirmed by the Fundraising Team. Based on the cashflow assumptions above there will be insufficient cashflow by August 2024. A delay in the receipt of fundraising monies beyond September 2023 could have a significant negative impact on cashflows. The extent of the impact will depend on the revised timing of the receipt of funds.

The cashflow estimates, their timing and project circumstances will be monitored and the draft forecast refined as necessary.

The MSB had an initial funding request to the partners in December 2021 and a second funding request in March 2022. In total the partners have funded approximately 20% of their total financial commitment, refer to the Attachment 2.

Financial Impact:

The 3rd and final partner funding request of \$6,606347.89, based on funding agreed to in the partnership agreement.

Attachments

Attachment 1 – Draft Cashflow Forecast

Attachment 2 – Funding Partner Contributions

Draft Cash Flow Forecast

Scenario 1: All contributions paid in March

Month	Prior	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23
		Actual	Actual	Actual	Actual	Actual	Actual							
Beginning Cash Balance								\$1,794,790.77	\$1,595,826.87	\$1,412,204.76	\$7,684,883.81	\$7,356,004.66	\$6,777,793.40	\$6,582,721.44
Cash Inflows														
Interest Earned @4% 2023, 2% 2024, 1.5% 2025	\$35,779.50							\$5,982.64	\$5,319.42	\$4,707.35	\$25,616.28	\$24,520.02	\$22,592.64	\$21,942.40
Municipal Contributions (municipal portion of ICIP project)	\$1,901,586.80									\$6,606,347.89				
Additional Municipal Contribution														
Grant Funding Dollars													\$587,713.18	
Fundraising														
YMCA building grant														
Cash Outflows														
YMCA building renovations													\$41,666.67	\$41,666.67
Operating Expenses								\$6,949.77	\$6,949.77	\$6,949.77	\$6,949.77	\$6,949.77	\$6,949.77	\$6,949.77
Cashflow Planned (Capital Project)		\$15,980.00	\$14,300.00	\$10,875.00	\$12,510.20	\$23,623.33	\$12,760.00	\$197,996.77	\$181,991.77	\$331,426.42	\$347,545.66	595781.51	\$756,761.35	\$1,223,770.33
Ending Cash Balance								\$1,595,826.87	\$1,412,204.76	\$7,684,883.81	\$7,356,004.66	\$6,777,793.40	\$6,582,721.44	\$5,332,277.08

Month	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24
Beginning Cash Balance	\$5,332,277.08	\$3,939,495.73	\$8,670,029.89	\$7,149,300.56	\$5,641,831.73	\$8,172,574.77	\$6,633,899.35	\$5,094,109.48	\$6,843,714.87	\$5,019,175.35	\$3,186,564.94	\$4,656,758.53	\$2,823,304.09	\$985,342.22
Cash Inflows														
Interest Earned @4% 2023, 2% 2024, 1.5% 2025	\$17,774.26	\$13,131.65	\$28,900.10	\$23,831.00	\$18,806.11	\$13,620.96	\$11,056.50	\$8,490.18	\$11,406.19	\$8,365.29	\$5,310.94	\$7,761.26	\$4,705.51	\$1,642.24
Municipal Contributions (municipal portion of ICIP project)														
Additional Municipal Contribution														
Grant Funding Dollars		\$1,246,674.91			\$4,066,365.47			\$3,292,156.58			\$3,305,746.69			\$3,939,025.53
Fundraising		\$5,000,000.00												
YMCA building grant														
Cash Outflows														
YMCA building renovations	\$41,666.67	\$41,666.67	\$41,666.67	\$41,666.67	\$41,666.67	\$41,666.67	\$41,666.67	\$41,666.67	\$41,666.67	\$41,666.67	\$41,666.67	\$41,666.67	\$41,666.67	41666.66667
Operating Expenses	\$6,949.77	\$6,949.77	\$6,949.77	\$6,949.77	\$6,949.77	\$7,047.61	\$7,047.61	\$7,047.61	\$7,047.61	\$7,047.61	\$7,047.61	\$7,047.61	\$7,047.61	7047.608667
Cashflow Planned (Capital Project)	\$1,361,939.17	\$1,480,655.97	\$1,501,013.00	\$1,482,683.40	\$1,505,812.10	\$1,503,582.10	\$1,502,132.10	\$1,502,327.10	\$1,787,231.43	\$1,792,261.43	\$1,792,149.76	\$1,792,501.43	\$1,793,953.10	1792463.1
Ending Cash Balance	\$3,939,495.73	\$8,670,029.89	\$7,149,300.56	\$5,641,831.73	\$8,172,574.77	\$6,633,899.35	\$5,094,109.48	\$6,843,714.87	\$5,019,175.35	\$3,186,564.94	\$4,656,758.53	\$2,823,304.09	\$985,342.22	\$3,084,832.62

Month	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25
Beginning Cash Balance	\$3,084,832.62	\$1,244,363.30	-\$594,788.47	\$1,623,083.28	\$252,281.04	-\$1,009,411.22	\$990,881.48	\$220,021.35	-\$399,263.15	-\$406,917.45	-\$414,581.33	-\$422,254.78
Cash Inflows												
Interest Earned @4% 2023, 2% 2024, 1.5% 2025	\$5,141.39	\$2,073.94	-\$991.31	\$2,028.85	\$315.35	-\$1,261.76	\$1,238.60	\$275.03	-\$499.08	-\$508.65	-\$518.23	-\$527.82
Municipal Contributions (municipal portion of ICIP project)												\$292,249.25
Additional Municipal Contribution												\$8,507,934.69
Grant Funding Dollars			\$3,944,360.30			\$3,010,790.15						\$0.00
Fundraising												\$23,392,832.81 Maxed
YMCA building grant												\$5,000,000.00
Cash Outflows												
YMCA building renovations	\$41,666.67	\$41,666.67	\$41,666.67	\$41,666.67	\$41,666.67	\$41,666.67	\$41,666.67	\$41,666.67				\$0.00
Operating Expenses	\$7,047.61	\$7,047.61	\$7,047.61	\$7,155.23	\$7,155.23	\$7,155.23	\$7,155.23	\$7,155.23	\$7,155.23	\$7,155.23	\$7,155.23	\$7,155.23
Cashflow Planned (Capital Project)	\$1,796,896.43	\$1,792,511.43	\$1,676,782.96	\$1,324,009.20	\$1,213,185.72	\$960,413.79	\$723,276.84	\$570,737.63	\$0.00	\$0.00	\$0.00	\$0.00
Ending Cash Balance	\$1,244,363.30	-\$594,788.47	\$1,623,083.28	\$252,281.04	-\$1,009,411.22	\$990,881.48	\$220,021.35	-\$399,263.15	-\$406,917.45	-\$414,581.33	-\$422,254.78	-\$429,937.83

Cash in minus out without a -\$413,190.33

Assumptions and Sources of Information

Additional cash is required from August 2024 for the remainder of the forecast period
 ICIP reimbursement 1 quarter in arrears
 Annual forecasted operating expenses spread evenly through the year

\$5 million in fundraising dollars will be collectable in September 2023 per fundraising plan/RFP requirements

\$1 million in YMCA building renovations spread evenly between June 2023 and May 2025/When will this happen?
 Capital Project Cashflow provided from Project Manager
 Interest earned at 4% for 2023, 2% for 2024, and 1.5% 2025

\$1.5 million identified as the minimum cash balance that should be held (average monthly expenditure on the project)

Date: 01/26/2023

Funding Partner Contributions for WPS Recreation & Cultural Centre

	Percentages	Received Amounts		Remainder Outstanding	Total Contribution
		Request 1	Request 2		
Seguin	23.90%	\$ 47,800.00	\$ 406,679.20	\$ 1,578,917.19	\$ 2,033,396.39
McDougall	17.60%	35,200.00	299,479.40	\$ 1,162,717.11	\$ 1,497,396.51
Parry Sound	26.70%	53,400.00	454,323.80	\$ 1,763,894.76	\$ 2,271,618.56
Carling	10.50%	21,000.00	178,666.60	\$ 693,666.54	\$ 893,333.14
McKellar	8.50%	17,000.00	144,634.80	\$ 561,539.65	\$ 723,174.45
Archipelago	12.80%	25,600.00	217,803.00	\$ 845,612.64	\$ 1,089,015.64
Total	1	\$ 200,000.00	\$ 1,701,586.80	\$ 6,606,347.89	\$ 8,507,934.69

West Parry Sound Area Recreation and Cultural Centre Board Open Meeting Report

Meeting Date: February 8, 2023

Report Title: Delegation of Authority

Submitted by: Steering Committee

Purpose of Report:

The purpose of this report is to seek approval to delegate certain authorities to members of the Steering Committee and the Project Manager.

Recommendation:

That the Board delegate authority to commit, manage and control project fund variances and escalation rules as outlined in the February 8, 2023 Delegation of Authority Report.

Background:

The West Parry Sound Recreation and Cultural Centre has been gaining momentum since the notification of the successful grant funding in June of 2021, since that time several key milestones have been achieved that continue to advance the development of the facility.

In 2022, Gordon and Gordon Group was awarded the project management and owners representative contract overseeing the development and construction of the facility. In December of 2022 CS&P Architects was awarded the contract to lead the architecture and design team through the full schematic design of the facility and provide support through the construction process up to and including hand over and commissioning.

With many areas of the planning and design works underway, and with construction anticipated to commence in the summer of 2023, the steering committee in consultation with the project manager are recommending that delegated variance levels and escalation rules be authorized by the board to minimize delay times for approvals, while ensuring continuity, accountability, and control over the project funds.

Project Budget

The project in its entirety has been funded through partner contributions and grant funds from the Province of Ontario and Government of Canada, the project team is in the process of developing schematic design and ultimately detailed design of the facility. As the process continues to forge forward, the project team will sequentially be preparing a detailed budget breakdown and tender packages in alignment with the CCDC 5B (Construction Manager at Risk) construction methodology approved by the board.

The design team will be preparing class D, C, B, & A estimates and will present to the board the budget breakdown sequentially over the next several months seeking approval. This budget breakdown and the initial schematic design will then be used to measure variances and the associated authority to commit and control project funds as outlined in the subsequent sections of this report.

Scope Changes

Scope changes that vary from the detailed design altering the programming of the project throughout the duration of construction, will require board approvals and will be submitted through a board report seeking direction.

Financial Authorities

The Steering Committee recommends project funds be committed, managed, and controlled according to the following variance levels and escalation rules:

- Variances for individual cost items that are less than \$15,000 (approximately 0.05% of the Project budget) can be committed and approved by the Project Manager.
- Variances for individual cost items that are between \$15,001 and \$100,000 (approximately 0.3% of the Project budget) can only be committed and approved by the Steering Committee representative appointed as construction lead.
- Variances for individual cost items that are between \$100,001 and \$250,000 (approximately 0.7% of the Project budget) can only be committed and approved by the Steering Committee representative appointed as construction lead in consultation with the Steering Committee construction sub-committee.
- Variances for individual cost items and or construction package variances that are greater than \$250,000 can only be committed and approved by the Municipal Services Board.

Construction Packages and Change Order Approval Process

Recommendations for construction package awards and change orders throughout the project will follow the escalation process as follows.

- Tender award / change order identified by the construction manager and recommended to the architect for approval.
- The architect then recommends tender award or change order to the project manager. If approved and less than a \$15,000 variance from the budget, the project manager authorizes work to proceed. If variance is greater than \$15,000, escalation continues.
- Project Manager recommends to the steering committee construction lead for approval with budget variance between \$15,001 - \$100,000.
- Steering committee construction lead consults with the Steering Committee construction sub-committee for variances between \$100,001 - \$250,000
- Steering Committee recommends to the municipal service board for variances greater than \$250,000.

Reporting

West Parry Sound Area Recreation and Cultural Centre Board Open Meeting Report

A monthly report outlining construction packages, variances and change orders will be prepared and presented to the steering committee and municipal services board by the project manager in their monthly progress report.

Financial Impact:

There are no financial impacts associated with this report.

Conclusion:

The steering committee recommends proceeding with delegated authority for authorizing and committing project fund variance levels and escalation rules as outlined above.

2.5

West Parry Sound Area Recreation and Cultural Centre Board Open Meeting Report

Meeting Date: February 8, 2023

Report Title: HST and Charitable Status Update

Submitted by: Steering Committee

Purpose of Report:

To provide an update regarding the Board's request to CRA be considered a commercial operation for HST purposes and also the Board's request to CRA for designation as a qualified charity for donation purposes.

Resolution:

That the update Report on application to CRA for designation as: a commercial operation for HST purposes; and a qualified charity for donation purposes, be received for information purposes.

Background:

In June 2022 the Board was advised that applications were being submitted requesting the Board be considered a commercial operation for HST purposes, and to also request charitable status for donation purposes.

The status of these requests is as follows:

HST Request

The Board will receive 100% HST rebate if it is considered a commercial operation. The request was filed shortly after the June 2022 Board meeting. Staff have followed up; however, to-date the application remains outstanding.

Charitable Status Request

The Board has applied for designation as a qualified donee: "Municipal body performing a function of government in Canada". This designation will allow the Board to provide tax receipts for donations, similar to a registered charity. Staff have followed up, and provided additional information; however, to-date the application remains outstanding.

Staff are investigating if the Town of Parry Sound can issue charitable receipts.

Financial Impact:

N/A

West Parry Sound Area Recreation and Cultural Centre Board Open Meeting Report

Meeting Date: February 8, 2023

Report Title: Board Orientation Session

Submitted by: Steering Committee

Purpose of Report:

To determine if the Board wishes to have an orientation session at the beginning of this term.

Resolution:

That the Board indicates in the [affirmative/negative] their desire to have an orientation session.

Background:

The Recreation and Cultural Centre project is an important project for the area. There are a number of individuals involved in the project and a lot history and background connected to the project.

As this is the beginning of the Board's four (4) year term and there are new Board members and alternates it could be helpful if the Board had an orientation session. It could also be an opportunity for the Board to meet the Project Manager, the Architects, and others.

If the Board determines it wants an orientation session, the Stockey Centre is a location option.

Financial Impact:

Minor costs if food and refreshments are provided.

Attachments N/A