

**West Parry Sound Recreation and Cultural Centre Board
Open Meeting Agenda – June 28, 2022**

Date: June 28, 2022
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, **(Project Manager Contract, Funding Agreement with Whitestone, Negotiations Operating Agreement with YMCA)**

1.2 Additions to Agenda

1.3 Approval of Agenda

That the Agenda for the June 28, 2022 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 March 30, 2022 West Parry Sound Recreation and Cultural Centre Board are hereby approved as circulated

2. Business

2.1. Chair's Report

2.2 Matters from Closed Meeting

2.3 Request to Transfer Future Pool Trust Fund from the Town to the Board

Submitted by: Steering Committee

Resolution

That the Board approves that a formal request be sent to the Town of Parry Sound requesting the Town transfer the funds held in Trust to the Board, for a future recreation/pool facility.

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2.4 Directors, Officers and General Liability Insurance

Submitted by: Steering Committee

Resolution

That the quote from BFL Canada Inc. through Lloyds of London for insurance coverage for Directors, Officers and General Liability be approved

2.5 Preliminary 2022 Municipal Services Board Budget

Submitted by: Steering Committee

Resolution

That the MSB approve the attached Preliminary 2022 Budget; and
That the Admin/Finance/Secretariate fee to the Town be reviewed annually.

2.6 Potential Funding Opportunity NOHFC

Submitted by: Steering Committee

Resolution

That the Steering Committee be directed to submit a grant application to NOHFC through the Enhance Your Community Funding Stream; and
That the Steering Committee be directed to inquire if there are any federal funding opportunities; and
That the matching grant component of any NOHFC grant proceeds be generated through fundraising.

2.7 Impact of Construction Cost Increases on Approved ICIP Project

Submitted by: Steering Committee

Resolution

That the Chair send a letter to ICIP and copy the local MP and MPP regarding additional financial support for approved ICIP projects.

2.8 Responses to the Fundraising and Sponsorship Team Questions

Submitted by: Steering Committee

Resolution

That the responses to questions raised by the Fundraising and Sponsorship Team be received for information and discussion purposes.

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2.9 Fundraising and Sponsorship Team Update

Verbal Update provided by Team Chair

2.10 Branding RFP Update

Verbal Update provided by Steering Committee

2.3

West Parry Sound Recreation and Cultural Centre Board

Meeting Date: June 28, 2022

Report Title: Request to transfer Future Pool Trust Fund from the Town to the Board

Submitted by: Steering Committee

Purpose of Report:

To request the Town of Parry Sound transfer funds being held in Trust by the Town for a future pool facility, to the Municipal Services Board “MSB”.

Resolution:

That the Board approves that a formal request be sent to the Town of Parry Sound requesting the Town transfer the funds held in Trust to the Board, for a future recreation/pool facility.

Background:

In 1994 the Optimist Club of Parry Sound raised funds for a future pool. The funds were provided to the Town and have been held in trust. The balance in the account is approximately \$40,000.

The terms of the trust require the approval of the Optimist Club and the Gaming Control Commission of Ontario in order to donate the funds.

Financial Impact:

The preliminary 2022 budget has identified administration support costs that the MSB will incur that are not eligible for project funding. The receipt of the trust funds can be used to partially offset these costs.

West Parry Sound Recreation and Cultural Centre Board

Meeting Date: June 28, 2022

Report Title: Directors, Officers and General Liability Insurance

Submitted by: Steering Committee

Purpose of Report:

Recommend general liability and Directors and Officers insurance coverage for the newly created West Parry Sound Recreation and Cultural Centre Board

Resolution

That the quote from BFL Canada Inc. through Lloyds of London for insurance coverage for Directors, Officers and General Liability be approved

Background:

The West Parry Sound Recreation and Cultural Centre Board was created on September 10, 2021, with the execution of the Partnership Agreement between the six area municipalities. The board directed staff obtain quotes for insurance coverage.

Quotes were requested through the Town's broker - BFL, Seguin's broker - Cowan and Carling's broker - AON Risk Solutions. Cowan declined to provide a quote and AON was only able to provide a quote on general liability coverage. BFL provided the following quote for both General Liability and Directors and Officers Liability.

- \$5,000,000 General liability policy
- \$5,000,000 Errors & Omissions Liability
- \$25,000 deductible per occurrence/claim
- \$15,000 annual premium, plus RST

As the project moves from design through construction and into operation the Board's need for insurance will change.

Financial Impact:

The quote has been reflected in the budget report found later in the Board agenda.

2.5

West Parry Sound Recreation and Cultural Centre Board

Meeting Date: June 28, 2022

Report Title: Preliminary 2022 Municipal Services Board Budget

Submitted by: Steering Committee

Purpose of Report:

To present the MSB with a preliminary budget for 2022.

Resolution:

That the MSB approve the attached Preliminary 2022 Budget; and

That the Admin/Finance/Secretariate fee to the Town be reviewed annually.

Background:

The MSB was newly created in September 2021. 2022 is the first full year of operation. Understandably there are some uncertainties regarding the amount and timing of expenditures.

The following is a summary of comments and observations with respect to the attached budget.

Construction Costs and Cashflows

The timing of construction costs is based on the project timeline included in the grant application. Once retained the Project Manager will review the timelines, adjust the timing of eligible capital expenditures and the implication on cashflows.

Although the partners are only funding approximately \$8m of the total project cost of \$32m, there will likely be a need for the MSB to provide interim financing for the project to facilitate the payment of invoices prior to receiving reimbursement from ICIP. Partners should anticipate additional cashflow requests.

Ineligible Costs

The MSB will incur operating costs that are not directly related to the construction of the project and therefore not eligible for grant funding.

Total operating costs for 2022 are budgeted at \$111,860, see Attached budget. Expenses relate to legal and consulting fees, insurance, admin/finance/secretariate fee

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to the Town and a \$15,000 contingency. There are notes on the attached budget that provide more detail. The operating expenses are ineligible.

We have included \$40,637 in revenue anticipated to be received from the Pool Trust Fund held by the Town. These funds will reduce the amount of ineligible expenses that require funding. There is an item on today's agenda requesting the Town provide the Trust Funds to the MSB.

HST Review

We have included consulting funds for an HST review, primarily a review of the operating agreement with the YMCA. If we are able to structure the agreement so that the facility is considered a commercial operation for HST purposes, we will be eligible to receive a 100% HST rebate. This will significantly increase the HST rebate related to the capital cost of the facility by approximately \$550,000.

Charitable Status

We have applied for designation as a qualified donee: Municipal body performing a function of government in Canada which will allow us to provide tax receipts for donations, similar to a registered charity.

Admin/Finance/Secretariate fee to the Town

The former Wellness Centre and Pool Committee approved utilizing the Town's Admin/Finance/Secretariate services and to reimburse the Town for those services. The concept is similar to the arrangement at the Industrial Park.

The Town provides Administration, Finance and Secretariate services to the MSB. It's recommended that the fee for these services be reviewed annually.

Conclusion

Some level of ineligible operating costs is expected to continue. As the MSB is aware the preliminary operating budget for the facility projected an annual operating deficit. Options for funding operating deficits include partner contributions and/or fundraising.

Financial Impact: See attached budget.

West Parry Sound Recreation and Cultural Centre

Draft Budget

	Budget Year					Notes
	2022	2023	2024	2025	2026	
		2%	2%	2%	2%	
Capital (Eligible to Claim)						
Revenues						
Municipal Contributions	1,956,825	3,573,333	2,552,380	425,397	0	Per grant forecast (requested \$1,641,738.67 to date)
ICIP Grant funding	5,380,352	9,824,990	7,017,850	1,169,642	0	Per grant forecast
Fundraising / Sponsorship/Funding	0	0	0	0	0	
Donations	0	0	0	0	0	
Total Capital Revenues	7,337,177	13,398,322	9,570,230	1,595,038	0	
Expenses						
WPS Recreation and Cultural Centre						
Construction	7,321,177	13,398,322	9,570,230	1,595,038		
Legal -Project Manager	8,000.00					
Legal - Other	8,000.00					
Total Capital Expenses	7,337,177	13,398,322	9,570,230	1,595,038	0	Grant forecast
Capital Net (Eligible)	0	0	0	0	0	
Operating (Ineligible to Claim)						
Revenues						
Misc. Income	100	102	104	106	108	
Interest Income	800	1,461	1,043	174	177	
Pool Reserve Fund (pre-2019 contributions)	40,637					
Total Operating Revenues	41,537	1,563	1,148	280	286	
Expenses						
Audit	4,400	4,488	4,578	4,669	4,763	4400 is audit minimum for engagement (similar to dba)
Bank Charges	200	204	208	212	216	
Board Meetings	100	102	104	106	108	Materials/copies
Computer & Software	1,100	1,122	1,144	1,167	1,191	Financial System
Legal (Note 1)	15,000	15,300	15,606	15,918	16,236	
Consulting (Note 2)	35,000	5,000	5,100	5,202	5,306	
Interest on Construction Loan @ 5%	0	0	76,250	40,625	833	
Insurance	20,000	20,400	20,808	21,224	21,649	
Office Supplies	700	714	728	743	758	
Telephone	360	367	375	382	390	
Admin Fee to Town	20,000	20,400	20,808	21,224	21,649	
Other	15,000	15,300	15,606	15,918	16,236	Contingency ineligible costs
Fundraising transfer to Capital reserves	0	0	0	0	0	
Total Operating Expenses	111,860	83,397	161,315	127,391	89,335	
Operating Net (Ineligible)	-70,323	-81,834	-160,168	-127,111	-89,049	
Cash Flow						
Beg. Bank Balance	0	44,503	42,176	43,777	2,843	
1st Municipal Cash Call 12/15/2021	200,000					
2nd Municipal Cash Call 04/06/2022	1,441,739					
3rd Municipal Cash Call 09/30/2022	1,775,000					
4th Municipal Cash Call 01/15/2023		2,382,000				
5th Municipal Cash Call 07/15/2023		2,382,000				
6th Municipal Cash Call 01/15/2024			327,196			
Operating support required (municipal)			160,168	282,111	90,000	
Loan required for during construction 2nd Q 2024			1,525,000	-1,525,000		
ICIP Assume 1/4 behind on claims	4,035,264	8,713,830	7,719,635	2,924,104		
Pool reserve, Interest Income and Misc	41,537	1,563	1,148	280	286	
Cash Out	-7,449,037	-13,481,720	-9,731,545	-1,722,430	-89,335	
Ending Bank Balance/Reserve balance from fundraising	44,503	42,176	43,777	2,843	3,793	
Notes						
1 Legal Cost Details (Ineligible to be claimed)						
YMCA Operating Agreement	8,000					
YMCA Land Transfer	4,000					
Whitstone Agreement	1,000					
Other Agreements	2,000					
	15,000					
2 Consultants						
HST	12,000					
Branding Strategy	30,000					
Other Agreements	3,000					
	45,000					

West Parry Sound Recreation and Cultural Centre Board

Meeting Date: June 28, 2022
Report Title: Potential Funding Opportunity, NOHFC
Submitted by: Steering Committee

Purpose of Report:

To advise the board of a potential funding opportunity.

Resolution:

That the Steering Committee be directed to submit a grant application to NOHFC through the Enhance Your Community Funding Stream; and

That the Steering Committee be directed to inquire if there are any federal funding opportunities; and

That the matching grant component of any NOHFC grant proceeds be generated through fundraising.

Background:

NOHFC has advised that there is a grant program that the recreation centre project is eligible for. The program provides up to \$2m in grant funding. NOHFC funding is based on 50% matched funding from the MSB. If the project is approved for the maximum amount of \$2m, the MSB would need to identify \$2m in funding.

The NOHFC advises that grants can be stacked. Stacking limits on NOHFC funding are as follows:

- Project funding up to 50% from Provincial funding sources
- Project funding up to 90% from Provincial and Federal funding sources

The approved funding for the project is as follows:

Federal	40.00%
Provincial	33.33%
Total	73.33%
Municipal Partnership	<u>26.67%</u>
Total funding	<u>100.00%</u>

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Based on the above, there appears to be room for additional funding within the stacking limits.

If the MSB wishes to pursue the grant funding it will be important to identify the source for up to \$2m in matched funding. The MSB has 2 options.

1. Request increased funding from municipal partners;
2. Generate the funds through fundraising.

A contingency was built into the project budget; however the cost increases generally being experienced are beyond what would typically be provided through a contingency. One of the first tasks for the Project Manager will be to revisit the cost estimates.

Financial Impact:

The MSB has no funds or commitment to fund beyond the MSB's share of the original project budget of \$32m. The grant program is 50% matched funding up to \$2m. To access the maximum amount of the grant would require the MSB to identify \$2m in Funding.

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Meeting Date: June 28, 2022

Report Title: Impact of Construction Cost Increases on Approved ICIP Projects

Submitted by: Steering Committee

Purpose of Report:

To contact ICIP requesting their position regarding additional financial support as a result of the cost increases being experienced in the construction sector.

Resolution:

That the Chair send a letter to ICIP and copy the local MP and MPP regarding additional financial support for approved ICIP projects.

Background:

The ICIP grant program was heavily over subscribed. The numerous applications were scrutinized to determine which projects best met the ICIP program criteria. As a result a number of priority projects were identified and approved for funding.

The cost increases that are impacting the construction sector put in jeopardy the ability for municipalities to fully implement the priority projects approved by ICIP. The MSB would appreciate insights into ICIP's position on providing additional financial support to approved projects.

Financial Impact: N/A

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Meeting Date: June 28, 2022

Report Title: Responses to the Fundraising and Sponsorship Team Questions

Submitted by: Steering Committee

Purpose of Report:

To provide responses to questions raised by the Fundraising and Sponsorship Team

Resolution:

That the responses to questions raised by the Fundraising and Sponsorship Team be received for information and discussion purposes.

Background:

The Fundraising and Sponsorship Team has only been in place for a few months. During their initial meetings they raised a series of questions which were forwarded to the Steering Committee.

Attached to the report are the questions and responses prepared by the Steering Committee. The questions and answers are provided to the MSB so there is a common understanding, and to provide an opportunity for further discussion.

Financial Impact: N/A

FUNDRAISING AND SPONSORSHIP TEAM Questions and Response

1. Questions to the Steering Committee from Mayor MacDiarmid

At the inaugural meeting of the Fundraising Committee for the Wellness Centre, several questions arose that the Committee would like addresses by the Steering Committee and/or the Municipal Services Corporation. I am sending these question to you for responses at your earliest convenience.

1. We request a detailed report on the funds that are being held by the Town of Parry Sound from the 2009 Committee as transferred on June 10, 2009. (Minutes are available from that meeting.) What has been spent to date? What is the balance from the original \$45,000?

The balance of the funds held in trust by the Town is \$40,895.
The funds held by the Town require written approvals per the Trust agreement and Council direction regarding any disposition.

2. May we consider another name/brand other than the WPSWellness Centre? We want to work with the branding consultant to ensure that any new name encourages community engagement, enthusiasm and is linked to well being, inclusiveness and environmentally friendly.

The MSB approved the operating name as the West Parry Sound Recreation and Cultural Centre.

The MSB has approved issuing an RFP for a Branding Strategy.

It is anticipated that the name could change as a result of someone purchasing the naming rights.

An important part of the Fundraising and Sponsorship Teams Terms of Reference is to recommend a fundraising strategy to the Board. Among other matters the strategy should address naming rights.

3. May we have a copy of the Municipal Services Corporation Terms of Reference – how is the money going to be safe guarded, handled and directed as donors instruct?

A copy of the agreement has been provided.

CRA determines if an organization receives a charitable status and they have processes and procedures to be followed to maintain the charitable status.

The MSB authorized the opening of a bank account in its name.

Documents require two signatures, one of which must be the Chair or Vice Chair
Careful consideration should be given to accepting donations with conditions attached.

4. Who and where will donations be receipted and kept? With what reporting standards?

The Town is providing finance and accounting support to the board and would oversee the issuance of charitable receipts consistent with CRA requirements. As noted above the MSB has its own bank account and separate accounting records will be maintained as appropriate.

5. May we accept further grants and funds from funding bodies now, even though \$23.5 million has already come from the combined federal and provincial governments?

Grant funding is not part of the Terms of Reference.
The Steering Committee believes the Fundraising and Sponsorship Team should remain focused on fundraising.
Grant funding should be managed by the Board, with the support of the Steering Committee

6. We recommend that the Terms of Reference for the Fundraising Committee be amended to include representation from the local first nation communities. Further, we request that the Steering Committee and Municipal Services Corporation appoint at least one first nations representative to the Fundraising Committee.

Membership was based on skills and experience rather than representing any particular group or community.
Outreach for applications included the 7 West Parry Sound municipalities and the 2 First Nation communities.

7. We are still awaiting a representative for this Committee from the YMCA and hope to hear soon who that will be.

The Terms of Reference provide for a representative of the YMCA. The request was sent to the YMCA and the YMCA has appointed a representative.

2. Questions to the Steering Committee from Kevin McIlwain

They (Fundraising and Sponsorship Team) have a few questions that need to be answered /approved by the board.

1. They are requesting the Board have a regularly scheduled meeting and that they be a line item on the agenda to update the board.

With the creation of the Fundraising and Sponsorship Team a standing item on the agenda for the purpose of an update is appropriate

The MSB has developed a practice of meeting on a quarterly basis. The Partnership agreement sets out that a majority of the board can request a meeting or at the call of the Chair.

The Steering Committee supports the MSB and should be involved on matters beyond updates that require research and analysis.

2. They have asked each CAO to check with their respective Markets in their communities if a table can be provided from time to time to provide material and fundraising communication over the next couple seasons

Material provided to the CAOs or their designates will be promoted to the public through their respective municipalities.

The Steering Committee believes the best approach is the Fundraising and Sponsorship Team working directly with the local market organizers.

The CAOs will provide the contact information for the various local markets.

3. They really are set at funding for a 6 lane pool. They would like the costing information for the additional cost of the two lanes and would like to seek the endorsement of the Board that if they can fundraise for the additional 2 lanes would the board approve adding them to the project.

The MSB has a fixed budget for the project of \$32m.

The construction industry is experiencing significant cost increases as a result of supply chain issues, the war in the Ukraine as well as other factors.

There are concerns over how to manage anticipated cost increases beyond the contingencies built into the project budget.

The increase in capital costs to build a 6-lane pool with a viewing area for competitions was \$8.7m. The increase in annual operating costs was projected at \$130,000/year.

4. Can they have a Contest to Name the Facility or sell the naming rights...

Naming rights should be discussed as part of the Fundraising and Sponsorship strategy when recommended to the MSB.

5. Tracking of fundraising dollars, writing receipts, separate bank account for the Fundraising monies, transferring the monies from the previous campaign that is in the Towns account into the fundraising account. Having a different Treasurer maintain the fundraising account from the project construction account...

The MSB is a separate legal entity with its own bank account. Two Treasurers is not necessary, can lead to confusion and is not advisable

The Town is overseeing the finances and the Town's Treasurer is a signing authority.

Donations can be tracked separately without maintaining a separate bank account.

6. There has been a sizable donation already received

The Steering Committee was advised that a donation cheque in the amount of \$48,000 has been received.

3. Follow up Question from Mayor MacDiarmid to the Chair and Vice Chair of the MSB

For your information, we have located the 2009 minutes of the Pool Committee allocating the funds raised to a Reserve/Trust Account in care of Parry Sound. Sue Woodhouse, Peter Istvan and Peter Hopkins all estimate that there was between \$30,000 and \$40,000 raised from the public and allocated to that reserve in 2009 so we would like to have a motion from the Municipal Services Corporation to release those funds to begin creating promotional materials for fundraising.

I appreciate your response as soon as possible so the Fundraising Committee can continue to move forward.

The balance of the funds held in trust by the Town is \$40,895.
The funds held by the Town require written approvals per the Trust agreement and Council direction regarding any disposition.

The Terms of Reference for the Fundraising and Sponsorship Team approved by the MSB require the Team recommend a Fundraising and Sponsorship Strategy for the board's approval.

The MSB also approved the issuance of an RFP for a Branding Strategy. The strategy will provide a framework for developing promotional material.