West Parry Sound Recreation and Cultural Centre Board
Open Meeting Agenda – October 11, 2023

Date: October 11, 2023
Time: 7:00 PM
Location: via Zoom Video Conference

1. Agenda:

1.1 Additions to Agenda

1.2 Approval of Agenda
That the Agenda for the October 11, 2023 West Parry Sound Recreation and Cultural Centre Board is hereby approved as circulated.

1.3 Declaration of Pecuniary Interest

1.4 Approval of Minutes
That the Minutes of the July 26, 2023 West Parry Sound Recreation and Cultural Centre Board are hereby approved as circulated.

2. Presentations/Delegations/Correspondence

2.1 Township of McKellar Request for Representation at Public Meeting

2.2 Township of McKellar New Appointments to Board

2.3 Township of Carling Request for Public Update Release

3. Business

3.1. Chair's Report – Verbal Update

3.2 Floor Plan and Programming
Submitted by: Andrew Gordon, Gordon + Gordon Group Inc.

3.3 Review of the Operating Forecasts per Agreement with Whitestone
Submitted by: Steering Committee

That the report prepared by BDO be received for information purposes; and
That the Municipality of Whitestone be advised that the review has been completed and the conditions set out in the agreement fulfilled.

3.4 August 31, 2023, Monthly Financial Reports
Submitted by: Steering Committee

That the August 31, 2023, financial reports be received for information.

3.5 Fundraising Team Report – Verbal Update

4. Adjournment, and Move to Closed Meeting

After the 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:

c) a proposed or pending acquisition or disposition of land for municipal or local board purposes, **(negotiations regarding acquisition of property for Project)**

Township of McKellar

701 Hwy #124, P.O. Box 69, McKellar, Ontario POG 1C0
Phone: (705) 389-2842
Fax: (705) 389-1244

September 6, 2023

Delivered via email – dsanderson@wpshc.com

Donald Sanderson
Chair, West Parry Sound Recreation and Cultural Centre Board

RE: Public Meeting re. WPS Recreation and Cultural Centre on September 23, 2023 at the Township of McKellar Community Centre

Dear Mr. Sanderson,

At the Regular Meeting of Council held on September 5, 2023, the Council of the Corporation of the Township of McKellar carried the following resolution:

Resolution No. 23-586
Moved by: Councillor Zulak
Seconded by: Councillor Kekkonen

WHEREAS the West Parry Sound Area Recreation and Cultural Centre Board, formerly known as the West Parry Sound Pool Committee, visited member Municipalities in 2020-2021 to deliver a presentation on the Pool and Wellness Centre project; and

WHEREAS the Township of McKellar was scheduled for a presentation to occur on January 14, 2021; and

WHEREAS the presentation was cancelled and never rescheduled; and

WHEREAS it is understood that there have been some changes since the original presentation was delivered;

NOW THEREFORE BE IT RESOLVED THAT the Council of the Corporation of the Township of McKellar does hereby propose that a Special Public Meeting be scheduled for Saturday, September 23, 2023 for Council and ratepayers to be presented with information regarding the status of the project, financial obligations to the Township, fundraising goals and future obligations that the Township, and therefore its ratepayers will have; and

FURTHER THAT this public meeting be advertised well in advance and held in the Township of McKellar Community Centre, with Zoom access provided; and

FURTHER THAT the Chair and/or his representative of the Joint Municipal Service Board, attend the public meeting in person to address questions and concerns from the attendees.

Carried

Kindly reply with having received this correspondence from the Township of McKellar. Please contact myself or Ina Watkinson, Clerk/Administrator to work out details of the public meeting.

Regards,

Karlee Britton
Deputy Clerk
Township of McKellar
deputyclerk@mckellar.ca
(705) 389-2842 x5

cc:

Clayton Harris, Chair, WPS Recreation and Cultural Centre Steering Committee
Ina Watkinson, Clerk Administrator, Township of McKellar
Township of Archipelago
Township of Carling
Municipality of McDougall
Township of Seguin
Town of Parry Sound
Wasauking First Nation
Shawanaga First Nation
Municipality of Whitestone

Township of McKellar

701 Hwy #124, P.O. Box 69, McKellar, Ontario POG 1C0
Phone: (705) 389-2842
Fax: (705) 389-1244

September 20, 2023

Rebecca Johnson, Recording Clerk
West Parry Sound Recreation and Cultural Centre Board

Delivered via email – rjohnson@parrysound.ca

RE: Appointment to the WPS Recreation and Cultural Centre Board

Dear Ms. Johnson,

At the Regular Meeting of Council held on September 19, 2023, the Council of the Corporation of the Township of McKellar carried the following resolution:

Resolution No. 23-618
Moved by: Councillor Haskim
Seconded by: Councillor Zulak

BE IT RESOLVED THAT the Council of the Corporation of the Township of McKellar does hereby appoint Councillor Debbie Zulak as Council representative and Councillor Mike Kekkonen as an alternate representative on the West Parry Sound Recreation and Cultural Centre Joint Municipal Services Board for the present term of Council,

AND FURTHER BE IT RESOLVED THAT Resolution No. 22-483 and Resolution No. 22-530 be hereby rescinded,

AND, FINALLY BE IT RESOLVED THAT copies of this Resolution be forwarded to the Joint Municipal Services Board, the Township of the Archipelago, the Township of Carling, the Municipality of McDougall, the Town of Parry Sound, the Township of Seguin and the Municipality of Whitestone.

Carried

Regards,

Karlee Britton
Deputy Clerk
Township of McKellar
deputyclerk@mckellar.ca
(705) 389-2842 x5

cc:
Donald Sanderson, Chair, WPS Recreation and Cultural Centre Board
Clayton Harris, Chair, WPS Recreation and Cultural Centre Steering Committee
Ina Watkinson, Clerk Administrator, Township of McKellar
Township of Archipelago
Township of Carling
Municipality of McDougall
Township of Seguin
Town of Parry Sound
Municipality of Whitestone

TOWNSHIP OF CARLING

2 West Carling Bay Road, Nobel ON P0G 1G0
Email: mtaylor@carling.ca
Phone: 705-342-5856
Fax: 705-342-9527

September 14, 2023

RE: West Parry Sound Recreation and Culture Centre Public Update Request

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At the Regular Meeting of Council for the Township of Carling held on September 12, 2023 Council passed the following resolution:

23-040

Moved by Councillor Doubrough
Seconded by Councillor Kelly

NOW THEREFORE BE IT RESOLVED that the Council for the Township of Carling requests the West Parry Sound Recreation and Culture Centre Board to release an update on the progress of the Pool and Wellness Center to the public.

Carried

If you require further information, please do not hesitate to contact the undersigned at 705-342-5856 ext. 9181 or mtaylor@carling.ca

Sincerely

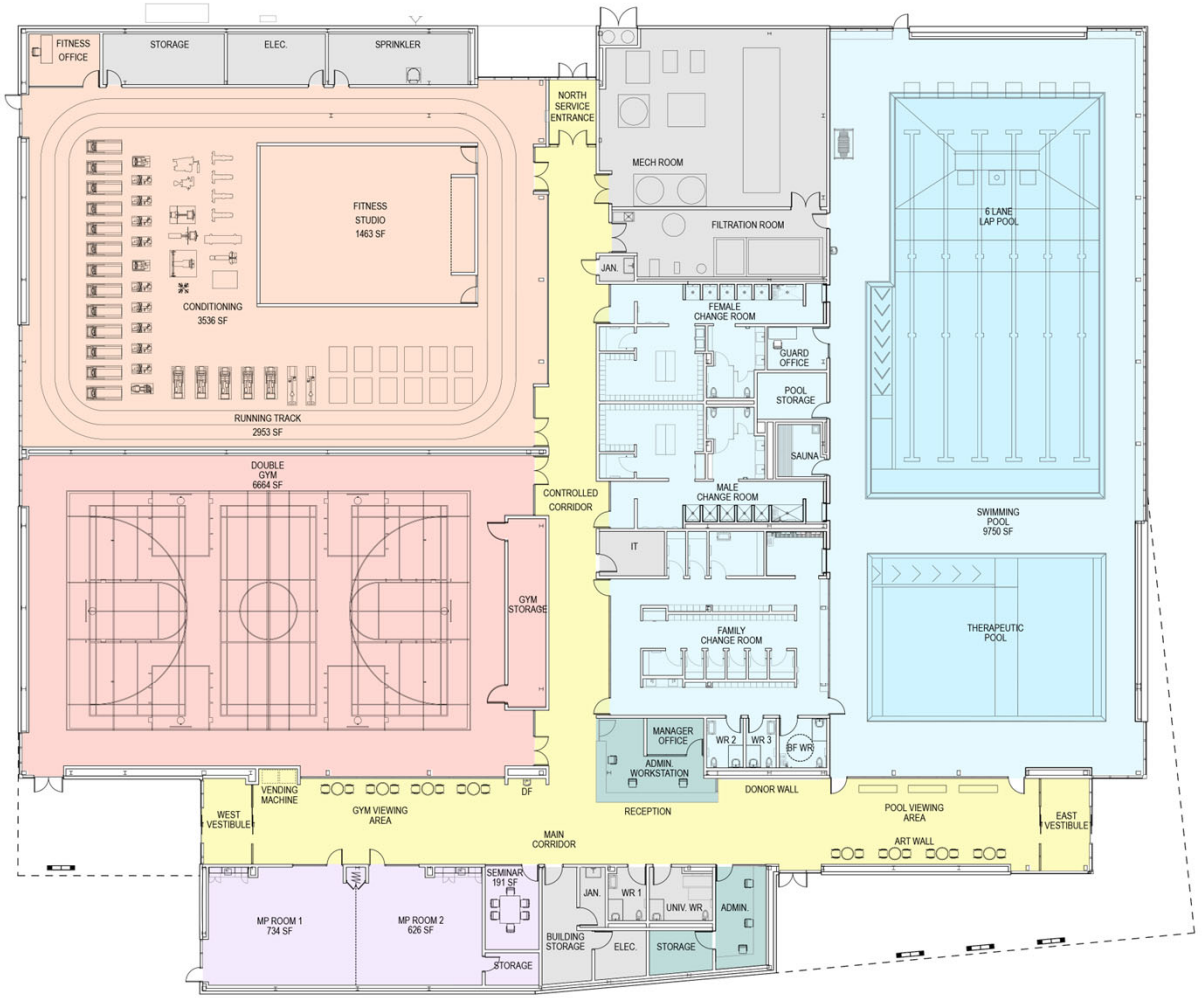
Mackenzie Taylor
Deputy Clerk

WEST PARRY SOUND RECREATION CULTURAL CENTRE (WPSRCC)

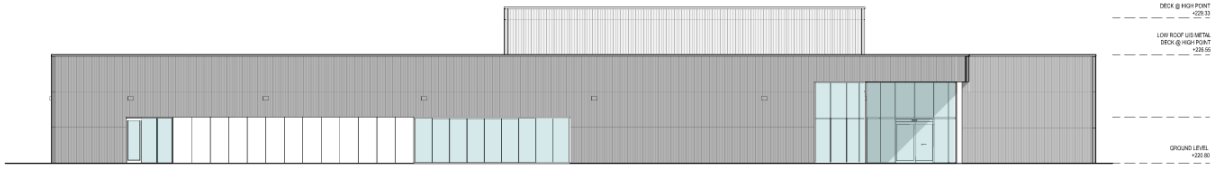
PROGRAM

Space Type - Ground Floor	NET AREA	
	sft	sm
A. Aquatics		
Pool	9752	906
Sauna	97	9
Pool Storage	140	13
Pool Guard	108	10
Sub-Total (Aquatics):	**10097**	**938**
B. Gym		
Double Gym	6663	619
Gym Storage	323	30
Sub-Total (Gym):	**6986**	**649**
C. Fitness		
Studio	1464	136
Fitness Storage	291	27
Walking Track	2953	275
Conditioning	3536	327
Fitness Area - Office	161	15
Sub-Total (Fitness):	**8396**	**780**
D. Change Rooms		
Universal Change Room	1582	147
Female Change Room	883	82
Male Change Room	850	79
Sub-Total (Change Rooms):	**3315**	**308**
E. Common & Administration Areas		
Lobby, Common Area, Main Corridors and Vestibules	4962	461
Membership Desk and Manager Office	269	25
Admin Area and Storage	344	32
Multipurpose Room 1	732	68
Multipurpose Room 2	624	58
Multupurpose Room Storage	86	8
Seminar Room	194	18
Sub-Total (Common & Administration):	**7212**	**670**
F. Washroom and Service Rooms		
Universal Washroom/Washroom	226	21
Sub Electrical Room	118	11
Service / Sprinkler	355	33
Main Electrical Room	237	22
Mechanical Room	1711	159
Filtration Room	624	58
IT Room	129	12
Custodian	108	10
Building Storage	215	20
Sub-Total (Service):	**3724**	**346**
TOTAL NET AREA	**39730**	**3691**
Walls, Services Risers and Shafts	3270	304
Total GFA	**43000**	**3995**

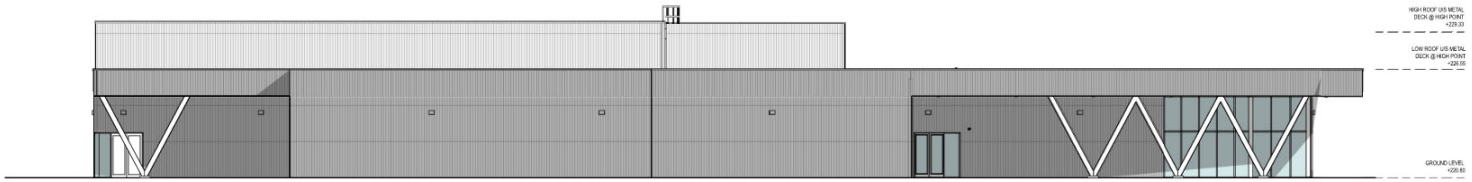
FLOOR PLAN


FITNESS OFFICE
STORAGE
ELEC.
SPRINKLER
NORTH SERVICE ENTRANCE
MECH ROOM
FILTRATION ROOM
FITNESS STUDIO 1463 SF
CONDITIONING 3536 SF
RUNNING TRACK 2953 SF
JAN.
FEMALE CHANGE ROOM
GUARD OFFICE
POOL STORAGE
SAUNA
MALE CHANGE ROOM
5 LANE LAP POOL
SWIMMING POOL 9750 SF
DOUBLE GYM 6664 SF
CONTROLLED CORRIDOR
IT
GYM STORAGE
FAMILY CHANGE ROOM
THERAPEUTIC POOL
MANAGER OFFICE
WR 2
WR 3
BF WR
ADMIN. WORKSTATION
DONOR WALL
VENDING MACHINE
DF
RECEPTION
WEST VESTIBULE
GYM VIEWING AREA
POOL VIEWING AREA
EAST VESTIBULE
MAIN CORRIDOR
ART WALL
SEMINAR 191 SF
JAN.
WR 1
UNIV. WR
ADMIN.
MP ROOM 1 734 SF
MP ROOM 2 626 SF
BUILDING STORAGE
ELEC.
STORAGE
STORAGE
N

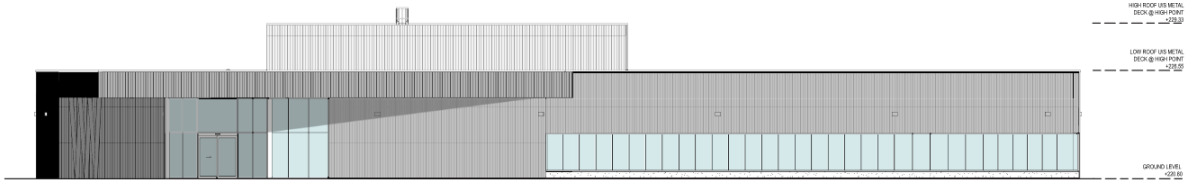
ELEVATIONS



WEST ELEVATION



SOUTH ELEVATION



EAST ELEVATION

NORTH ELEVATION

EXTERIOR

West Parry Recreation and Cultural Centre

Open or Closed: Open

Meeting Date: October 11, 2023

Report Title: Review of the Operating Forecasts per Agreement with Whitestone

Submitted by: Steering Committee

Purpose of Report: To advise the Board the review set out in the agreement between the Board and Whitestone has been completed.

Recommendation:

That the report prepared by BDO be received for information purposes; and

That the Municipality of Whitestone be advised that the review has been completed and the conditions set out in the agreement fulfilled.

Background:

In October 2022 the Board entered into an agreement with Whitestone regarding financial contributions from the municipality towards the project, refer to Attachment 1. The nature of the financial contribution and the conditions are set out in the agreement. At the June 14th meeting, in response to a letter from Whitestone, staff were directed to confirm the Board intents to proceed with the review and fulfil the conditions set out in the agreement.

The following are excerpts from the agreement.

Whitestone Funding

1. Whitestone shall make a one-time financial contribution of $250,000 towards the building of the Facility, within 30 days of the commencement of construction of the physical building, subject to the completion of the requirements outlined in section 4.
2. The Municipality of Whitestone further agrees to contribute annually towards any operating deficit of the Facility, up to 6.1% of such annual deficit, provided that the annual maximum shall not exceed $18,316, commencing in the first year of the Facility's operation for a total of ten (10) years, with the annual maximum amount to be increased by the annual consumer price index as of September of the preceding year. The contribution to the first calendar year of operation shall be prorated and shall be based on the first day of operation being the first day the facility was open to the public with full services as determined and confirmed to the satisfaction of Whitestone.

Conditions of Funding

3. The commitments outlined above are conditional on a review of the operating model, projected operating revenues, costs, and reserve requirements for the Facility by independent management consultants with expertise in such reviews, to be completed prior to final design of the Facility, at the Boards' cost.

BDO's Review

BDO was provided with a copy of the Board's agreement with Whitestone and asked to provide a proposal that would meet the conditions set out in the agreement. BDO's proposal to undertake the review is provided as Attachment 2. The results of the review are provided as Attachment 3, the Operating and Financial Review Report.

BDO's Qualifications

BDO Canada has more than 125 offices from Vancouver to St. John's, with 3,500 empowered professionals committed to providing clients with practical advice and insight, tailored to their industries and unique needs. BDO has 47 offices in Ontario,10 of which are in Northern Ontario.

The project lead was Mr. Joe Melisek. He has over 30 years of experience, including 27 years with BDO Canada LLP. His areas of expertise are in organizational/operational reviews, business transition, feasibility studies, strategic and business planning with a particular focus on Indigenous, Municipal and Family business clients. His industry specialties are in the Public (Indigenous, Municipal, Not-for-Profit) and Family Business management consulting sectors.

For more information regarding BDO's qualifications refer to Appendix E of Attachment 3, the Operational and Financial Review Report.

Conclusion

The scope of the review and the timeline is based on the conditions set out in the agreement with Whitestone. As required, the review was completed prior to the final design of the facility at the cost of the Board.

The review identifies areas of medium/moderate risk. As the project moves forward the Steering Committee will work with the Board, the Fundraising Team and the YMCA to develop plans to mitigate these risks.

Financial Impact:

The cost of the review was $5,000 plus HST.

Attachments

Attachment 1 – Agreement with Whitestone

Attachment 2 - BDO, Proposal

Attachment 3 - BDO, Operational and Financial Review Report

Funding Agreement

BETWEEN:

West Parry Sound Recreation and Cultural Centre
Joint Municipal Service Board

("Board")

and

The Corporation of The Municipality of Whitestone

("Whitestone")

WHEREAS the municipalities of The Archipelago, Carling, McDougall, McKellar, Parry Sound and Seguin have formed a joint municipal service board known as the *West Parry Sound Recreation and Cultural Centre Joint Municipal Service Board*;

AND WHEREAS the Board is desirous of establishing a recreation and cultural centre ("**Facility**") which meets the needs and interests of all West Parry Sound communities and encourages healthy lifestyles, social interactions and physical well being through education, recreation, wellness, cultural and athletic activities;

AND WHEREAS Whitestone has opted out of joining the Board, but nevertheless recognizes that a recreation and cultural centre is an important amenity for the economic and social well being of the residents of West Parry Sound, including the residents of Whitestone;

AND WHEREAS the Board has relied and will continue to rely on the financial support of Whitestone when making decisions about the Facility;

NOW THEREFORE, IN CONSIDERATION of the terms and conditions herein the parties agree as follows:

Whitestone Funding

1. Whitestone shall make a one-time financial contribution of $250,000 towards the building of the Facility, within 30 days of the commencement of construction of the physical building, subject to the completion of the requirements outlined in section 4.

2. The Municipality of Whitestone further agrees to contribute annually towards any operating deficit of the Facility, up to 6.1% of such annual deficit, provided that the annual maximum shall not exceed $18,316, commencing in the first year of the Facility's operation for a total of ten (10) years, with the annual maximum amount to be increased by the annual consumer price index as of September of the preceding year. The contribution to the first calendar year of operation shall be prorated and shall be based

on the first day of operation being the first day the facility was open to the public with full services as determined and confirmed to the satisfaction of Whitestone.

Operating deficit means where the operating costs and expenses incurred by the Facility, as determined under Generally Accepted Accounting Principles (GAAP), that are related to the operation of the Facility and which shall not include depreciation or reserve funds, exceed the membership revenue and any other operating revenue received by the Board. Whitestone shall have the ability to review all operating costs, revenues and expenses and satisfy itself with the said deficit.

3. The Board shall invoice Whitestone for any operating deficit within 120 days of year-end (to be based on the Audited Financial Statements) for Whitestone's share of the prior year deficit. Whitestone shall pay the invoice within 90 days of receipt subject to the review noted above and concurrence of the operating deficit.

Conditions of Funding

4. The commitments outlined above are conditional on
    a. A review of the operating model, projected operating revenues, costs, and reserve requirements for the Facility by independent management consultants with expertise in such reviews, to be completed prior to final design of the Facility, at the Boards' cost.

Benefits

5. The residents of Whitestone shall be entitled to use the Facility to the same extent and for the same cost as any other resident of the municipalities that make up the Board during the term of this agreement.

Relationship

6. Nothing in this Agreement is intended to convey ownership of the Facility, or constitute an agency, partnership, joint venture or other form of joint enterprise or fiduciary relationship between the Parties and neither Party shall have authority to bind the other Party in any manner whatsoever.

Counterparts

7. This Agreement may be executed in one or more counterparts, all of which will be considered one and the same Agreement, and will be binding when one or more counterparts have been signed by each of the parties and delivered, either manually

or electronically, to the other party, it being understood that all parties need not sign the same counterpart.

Entire Understanding

8. This Agreement constitutes the entire agreement of the Parties with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, with respect to such subject matter.

Successors and Assigns

9. This Agreement is binding upon and inures to the benefit of the Parties and their respective successors and assigns.

IN WITNESS WHEREOF the Parties hereto have hereunto affixed their corporate seals duly attested to by their proper signing officers in that behalf as of the 31 day of October, 2022.

West Parry Sound Recreation and Cultural Centre Joint Municipal Service Board

By: _____
Name: Donald Sanderson
Title: Chair

By: _____
Name: Rebecca Johnson
Title: Clerk

The Corporation of The Municipality of Whitestone

By: _____
Name: George Comrie
Title: Mayor

By: _____
Name: Michelle Hendry
Title: CAO/Clerk

West Parry Sound - New Recreation Centre
Operating and Financial Review Report

June 15, 2023

THIS DOCUMENT CONTAINS PROPRIETARY AND CONFIDENTIAL INFORMATION
AND IS NOT TO BE DISTRIBUTED WITHOUT PRIOR WRITTEN PERMISSION

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APPENDIX E – BDO PROFILE

INTRODUCTION

The West Parry Sound ("WPS") area is made up of seven (7) municipalities including Carling, McDougall, McKellar, Parry Sound, Seguin, The Archipelago, Whitestone and the two (2) First Nation communities of Wasauksing and Shawanaga. Based on Statistics Canada's 2021 Census, the total population of the communities is 19,867, an increase of 13.9% from 2016. All West Parry Sound municipalities have experienced growth in their permanent populations since 2016, with The Town of Parry Sound having the largest population (6,879) and growth of 7.4% or 469 residents.

A new recreation centre ("the Centre") is required to fill a gap in the recreation and cultural needs of the WPS area as the population increases, leading to further demand for a state-of-the-art facility large enough to accommodate the growing population. As a result, the Joint Municipal Services Board (MSB) is constructing a 48,000 square foot facility which is designed to include a gym, studio, fitness area, therapeutic pool, and a 6-lane pool.

Six (6) of the communities of the West Parry Sound area have entered into a partnership agreement to fund the building and operations of the Centre. The Municipality of Whitestone is not a party to the agreement; however Whitestone has agreed to provide capital funding in the amount of $250,000 as a one-time contribution, and further a further commitment to contribute annually over the next ten (10) years towards any operating deficit in the amount of $18,316. Whitestone is among the seven (7) municipalities that are providing funding for the West Parry Sound Recreation and Cultural Centre:

- The Township of The Archipelago
- The Township of Carling
- The Municipality of McDougall
- The Township of McKellar
- The Town of Parry Sound
- The Township of Seguin
- The Municipality of Whitestone

Wasauksing and Shawanaga First Nations have non-voting representation on the Board and are non-funding partners.

As a condition of providing funding, Whitestone has requested an additional review of the operating model, projected operating revenues, costs, and reserve requirements for the new recreation facility prior to final design of the Centre.

The amount contributed by each partner municipality is set out in the partnership agreement and has been remitted to the MSB. Federal funding of $12.7 million and $10.6 million from the provincial government (73.3%) has been secured through the Community, Culture and Recreation Infrastructure Stream of the Investing in Canada Infrastructure Program (ICIP). ICIP funding will be received by way of progress payments.

SCOPE OF REVIEW

BDO Canada LLP Chartered Accountants and Advisors (See Appendix E for Profile) has assembled an operating and financial review report to assess the reasonableness of operating assumptions and associated risk to fulfil a condition for the project to receive financial commitment from the Municipality of Whitestone (See Appendix C for MSB/Partnership Agreement and Appendix D for Whitestone request). The level of review is appropriate for the engagement requested by Whitestone and associated fees and assesses the reasonableness of the assumptions based on comparison with similar facilities, per capita analysis and BDO experience with similar review projects of this nature, including ICIP funded projects.

It is acknowledged that public recreation facilities in low populated areas inherently have operating risks and often operate at a deficit to meet social/community wellness goals as an integral part of an overall community wellness strategy. This comes at a cost to citizens, but obviously there are reasonable thresholds and decision-makers need to understand their communities level of risk tolerance in projects of this nature. With this in mind, each community should consider the review assessment herein, based on their individual and/or partner circumstances.

This engagement consists of reviews of:

- the Centre's proposed operating model and any accompanying operational and financial risks
- projected operating revenue and costs to assess the reasonableness of assumptions
- reserve requirements using PSAB accounting standards for the public sector

List of Documents Reviewed

We have reviewed documents provided by the Steering Committee as outlined below.

- WPS Recreation and Culture Centre December 14, 2022, Board Report, 4 vs 6 lane pool
- West Parry Sound Historical Population Trend and Projection
- Comparison of Memberships Relative to Population Size
- YMCA assumptions
- YMCA 4 vs 6 Lane Pool Information
- WPS Operating Budget
- 2021 Census Population & Dwelling Counts
- WPS Recreation Culture Ctr Joint MSB Agreement
- West Parry Sound Operating & Grant Agreement
- Parry Sound-Operational Budget Scenario A
- Pool and Gym Revenue Calculations
- Agreement with Whitestone
- Gravenhurst YMCA operating information

- Draft YMCA Operating and Grant Agreement
- Letter from CS&P dated March 29, 2021
- Conceptual design information

Qualifications

We have reviewed the information outlined above and the financial projections for reasonableness of assumptions, but do not express an opinion or any other form of assurance on the financial projection, assumptions, or hypotheses, including evaluating the support for the assumptions, hypotheses or other information underlying the projection. BDO's role is advisory to ensure WPS considers and assesses risks associated in their project decision making to fulfil a condition for the project to receive financial commitment from the Municipality of Whitestone. BDO consulted with the Steering Committee (SC) to provide additional support (verbal or documented) for the assumptions. Appendix A contains the review observations and risk assessment.

REVIEW SUMMARY

In Appendix A, the review categorizes the assumptions from the April 2023 budget as follows:

1) No Risk – current information/assumption is reasonable, with little to no consequence if it does not occur;

2) Low Risk – current information/assumption is mostly reasonable, and risk will be manageable if it does not occur

3) Medium Risk – current information/assumption has lack of support and/or stretch targets and the risk could have financial impact should targets not be met

4) High Risk – current information/assumption has no support and/or significant stretch targets and the risk may have material consequences to the success of the project should they not materialize or be monitored

The review of the assumptions is based on comparator facilities, per capita analysis and experience with advising on similar facilities. It is recognized that recreation and cultural facilities are an investment in the health and wellness of communities and typically operate at a deficit in small or under populated areas. The total impact can be measured using other direct, indirect and induced economic factors (employment, tourism, health services, etc.) and have not been measured in this report but are a consideration when assessing risk.

The section below summarizes the key findings.

1. Proposed Operating Model

The proposed operating model for the new Centre includes input and representation from six (6) partnering communities bound by a Joint Municipal Service Board Agreement and draft Operating and Grant Agreement with the YMCA that sets out the terms and conditions for governance/representation and operation of the facility.

The Centre is anticipated to be managed/operated by the Simcoe/Muskoka YMCA and governed/overseen by the MSB. The Board approves the budget, and the YMCA is required to meet key financial and operating performance indicators outlined in the Operating and Grant agreement. Further, the YMCA has authority, responsibility, and accountability (ARA) to the Board as part of the draft agreement and their experience in current successful YMCA operations reduces operating risk for the new WPS facility.

The Governance, Management and Operational models proposed for the Centre are considered as a reasonable approach and best practices for facilities of this nature unless otherwise stated below.

Financial Model

The Steering Committee (SC) in response to BDO's operating model questions (See Appendix B) expressed that the operating and financial model assumptions are based primarily on Membership with additional revenue generated through Philanthropy & Brand Management and Daycamp. Also, as stated in the December 14, 2022, Steering Committee's report to the MSB it was recognized the construction of the 6-lane pool, the estimated annual net operating deficit is projected at $450k which raises some risk to the project, should targets not be met as the participating communities are restricted to $350k in operating deficit, indexed by CPI, as part of the Partnership Agreement. The risk in underbuilding and thus underservicing in a growing population was weighed against overbuilding in the decision-making and risk assessment process by the MSB.

2. Operating Budget

Most items are **no or low risk** and considered to be reasonable. The following assumptions are identified as a risk concern, meaning the assumption could have an effect on the ongoing operations should targets not be met or growth realized. **Medium risk** considerations include revenue assumptions, construction of a 6-lane pool and funding contributions. Appendix A outlines the completed risk assessment, and it is important to note that each assumption was calculated using one of three (3) key metrics; per square foot, percentage of total revenue, and per member basis. The corresponding assessment of comparator facilities was based on the metric used for the assumption.

Analysis on risk considerations and planned strategies to mitigate these medium risk items are outlined below.

Total Revenue

In Year 1, the current revenue budget amounts to $1,286,000, which is primarily derived from membership revenue. The assumption made for membership numbers is a 10% market penetration, equating to 1,900 members. However, it's important to note that this assumption allows for a range of 10-15% market penetration, which translates to an annual revenue range of $1 million to $1.5 million. This assumption is critical, and if it fails to materialize as projected, it can impact the viability of the project and deficit projections. Early membership drives/discounts/group rental commitments (e.g. schools, recreation groups, high level training, employee wellness programs or reimbursement, etc.) are planned strategies according to SC and can further mitigate risk.

4-Lane vs 6-Lane Pool

The inclusion of a 6-lane pool in the project poses a risk due to the YMCA's observation that pools are typically constructed in areas with a population exceeding 32,000. WPS is projected to reach this population milestone by 2036 but attracting enough members to

the facility to offset the anticipated deficit would require significant marketing efforts. Furthermore, the additional lanes contribute to an operating deficit increase of $150,000. If the 6-lane pool is constructed without obtaining sufficient funding/fundraising as a strategy to mitigate the operating deficit, it could impact the project's long-term sustainability.

Funding Contribution

The funding objectives for the project aim to raise $5 million in Capital Funds and an additional $5 million in Endowment Funds for operating. It is important to consider that WPS has a population of 19,000, with an average household size of 2.1. Therefore, the funding goals correspond to approximately $260 raised per person for capital and the same for operating or $1,105 per household.

Currently, 73.3% of estimated project funding was approved by ICIP and this confidence in the project may have a positive effect on achieving these targets. The SC has noted that the Board created a Fundraising Team (FRT) and has hired a professional firm with sponsorship and naming rights experience. The FRT expressed confidence to the board in their ability to generate funds. Once again, experience suggests that strategies of this nature can reduce risk by professionalizing the task. At the time of this report, 26.7% partner funding has been received by the MSB as their portion of the ICIP agreement, but with the additional pool lanes and escalation, the partner contribution will be higher.

3. Reserve Requirements

The project budget for the Centre is planned to be in excess of the original $32M estimate, of which $23.3M (73.3%) will be funded through the ICIP. The addition of two lanes in the pool and escalations will increase budget. As part of the agreement with ICIP, the communities are responsible for this remaining capital balance. A fundraising team has been established with the goal of raising an additional $5M in capital funds and $5M in endowment funds. Further, these funds will be used to cover the estimated added costs of $1.9M from the added two-lanes, cost escalations and any capital replacement requirements plus operating losses (which are anticipated to increase to $450,000 with the addition of 2 lanes to the pool), as mentioned above.

Analysis on risk considerations on capital reserves and assumptions for mitigation are outlined below.

Reserve/Recapitalization

The Centre has a projected lifespan of 50 years with assets depreciated on a straight-line basis. This results in an annual expense of $640,000. Considering the projected operating deficit of $450,000 and the maximum deficit contribution of $350,000 from the communities, indexed by CPI, WPS needs to address a cash flow shortfall of $740,000. Although depreciation is a non-cash expense, all partners have agreed a reserve account for the building will be established by the MSB. The annual set aside amount is to be determined with no specific legislation for an amount, but it has been stated the MSB will allocate based on a reasonable schedule for replacement while at the same time seeking/leveraging funding where appropriate. The schedule will be reviewed regularly, and reserve contributions adjusted as needed to reduce recapitalization risk.

Further, experience suggests potential opportunities could include utilizing income from the endowment fund, seeking government grant funding as needs arise and exploring opportunities for subsidies. Although the identified deficit poses a moderate level of risk

to the project, successful endowment fundraising and pursuing government funding and subsidies are viable solutions to mitigate the risk, if a professional and focused approach is implemented. A recapitalization target (e.g. 50/50, 60/40 reserve/leverage) can be further refined as capital and operating numbers are firmed up.

It is important to acknowledge that despite an operating deficit, the social implications often outweigh the economic and financial implications. West Parry Sound is expected to experience substantial population growth over the next 25 years and absence of a recreation facility within a one-hour radius is said to be further rationale for the construction of a new facility for mostly non-seasonal residents. In addition, an opportunity exists through expanded tax base to support reserves.

CONCLUSION

With the growing population of the West Parry Sound municipalities and First Nations, local governments have planned and sought funding for the construction of new space for the region's recreational and cultural needs. The operational and financial review requested by the Municipality of Whitestone identified mostly no or low risk assumptions with five (5) medium-risk concerns relating to the financial operating model, revenue assumptions, 4-lane vs 6-lane pool, funding contributions and reserve/recapitalization. It is suggested, further consideration of these medium-risk concerns should be conducted, such as seeking more detailed support (e.g. membership strategy/commitments, Class A quotes, funding/fundraising commitments, etc.) to minimize these risks as the project strategies/risk mitigation approaches continue to develop.

APPENDIX A – RISK ASSESSMENT SUMMARY

Operating and Financial Review of New Recreation Centre - West Parry Sound - Risk Assessment Summary

1. Operating Model

	Description	Assumption	BDOs Comments	Risk Assessment
Governance	Municipal Services Board (MSB) with a Joint MSB Agreement & Operating and Grant Agreement	Representation from 6 communities with accompanying legal agreements that set the terms and conditions for governance/ representation and operating of the facility	Governance tools and representation in place with accompanying legal documents	Low Risk
Management	Management/Operating agreement with the S/M YMCA	S/M YMCA expectations based on operating agreement and Key Financial and Operating Performance Indicators (Appendix E)	Management agreement in place with accompanying legal documents and planned performance measurement areas (but no metrics as of yet)	Low Risk
Operational	Management/Operating agreement with the S/M YMCA	YMCA has operational ARA to Board	Operational ARAs in place - see Management/Operating Agreement	Low Risk
Financial	Revenue is primarily based on a membership model. Other revenues can be derived from gym and room rentals	The Facility will have an annual operating deficit projected at ~$450k without endowments, grants and fundraising.	There is higher risk given market penetration targets and 6 lane pool for this population base. Early years will likely see targets met. Strong event marketing and membership drive efforts required to sustain model in large catchment area. Stretch targets and projected deficit (that can be offset by fundraising or grants) results in medium risk given the	Medium Risk

2. Operating Budget

First Full Year Estimated Operating Revenue	Description	Assumption	BDOs Comments	Risk Assessment
Health Fitness and Aquatics	$1,206,200	Membership fees generated by market penetration of 10-15% of population.	(See 1. Financial Comments) and typically, the YMCA does not build 6-lane pools for a population size of <32,000. With WPS current population of 19,000 - significant marketing/event planning will be required to ensure utilization. Stretch targets results in medium risk	Medium Risk
Philanthropy & Brand Manage	$ 20,000	Growth based on 2-5%/year	Range of $20k-$90k in revenue is	Low Risk
Daycamp	$60,000	Day Camp $300/camper x 9 weeks	22 campers per week is reasonable	Low Risk
Total Sources of Funding	**$1,286,200**	1900 members based on 10% market penetration	Revenue assumption range of $1M-$1.5M. (See 1. Financial Comments)	Medium Risk
Deductions				
Financial Assistance	$124,900	Financial assistance between 6-15%. 10% is used in budget. Range of $77K - $192K	Comparator YMCA FA as % of Rev = 5%, which is on the low end of range. In addition, range of $77k-$192k is considered risky if funds unavailable from other funding sources. 10% is reasonable.	Low Risk
Total Deductions	**$124,900**			
Net Revenue	**$1,161,300**			
Expenses - Direct Cost				
Salaries and Benefits	$811,200	63% of revenue taken from GH 2019 financials	Comparators YMCA salaries and benefits at 67% of total revenue - WPS at 70% is reasonable.	No Risk
Staff Development and Travel	$12,000		Comparators at 0.75%, WPS projected at 0.9% is reasonable	No Risk
Supplies	$35,400	$17.50 per member / $0.54/sq. ft.	Comparators supplies at $1.03/sq. ft. - opened for 10 years so it is likely scaled with increase memberships. Other comparison YMCA at 4.45% of revenue vs 1.96% for WPS is reasonable.	Low Risk
Total Direct Costs	**$858,600**			
Gross Contributions	**$302,700**			
Facilities Expense				
Property Tax/Insurance	$96,000	Same amount as comparator	Reasonable based on comparator	No Risk
Utilities	$382,500	$7.50/sq. ft. - building to go through Assessment prior to opening for better actuals	Actual utilities costs are subject to change upon construction of the building. Comparators has $4.34/sq. ft. in utilities expense	Low Risk
Repairs & Maintenance	$156,000	Repairs and maintenance average $3.05 per sq. ft.	Comparators estimated R&M at $2.01/sq. ft. - building is 10 years old. Comparator B at 20% of revenue vs 13% of revenue is reasonable	No Risk
Total Facilities Expense	**$634,500**			
Contribution from Operations	**-$331,800**			
10% Admin 2% Capital	$139,356	Admin fee 12% of revenue	Part of the YMCA operating agreement. Is minor capital adequate	Low Risk
Bad Debts	-$12,000	1.03% of revenue	S/M YMCA Bad debts of 0.2% of revenue.	Low Risk
Net Cash Contributions	**-$483,156**			

3. Reserve Requirements

	Description	Assumption	BDOs Comments	Risk Assessment
Reserve/Recapitalization	Straight line annual depreciation of $640,000 plus an operating deficit of ~$300k (plus additional $150k from 6-lane pool)	$5M in on-going endowment fund to assist with reserve and operating deficit in early years. Fundraising firm retained.	Communities to contribute up to $350k to cover operating deficit. From a cash flow perspective ($640k depreciation + $300k operating deficit + $150k 6 lane deficit - $350k in contributions = -$740k deficit) less endowment plus opportunities for government funding & subsidies for reserve requirements. There is a medium risk given the market penetration and sizeable fundraising targets (This is a stretch target of $260 per capita in fundraising at current pop'n).	Medium Risk

Legend

No Risk
Low Risk
Medium Risk
High Risk

ARA — Authority, Responsibility, Accountability
S/M — Simcoe/Muskoka

APPENDIX B – STEERING COMMITTEE RESPONSE

Questions for WPS Project

Operating Model

Governance:

1. The West Parry Sound Recreation and Cultural Centre Board acts as an agent on behalf of six area municipalities, but what is the ownership structure of the centre and how is authority, responsibility and accountability for the centre's governance/ decision making handled? Copy of the partnership agreement provided.
2. Please describe Board and representation and is decision making weighted equally? See above.
3. Do Board members have a good cross section of skills/experience in overseeing publicly owned facilities/recreation centres in order to measure performance and direct management? Board members are members of Council and there is an independent Chair, supported by the Steering Committee made up of area CAO's and First Nation representatives.
4. What is the Steering Committee's role in operations, if any, or is it a short-term role that seeks to provide guidance on start-up and construction? Long term role not confirmed. Area CAO's are available to continue to play a role as necessary.

Management:

5. Describe the arrangement with S/M YMCA to manage the facility?
    a. Are there authority levels established for expenditures? Copy of the draft operating agreement provided. Board approves the budget, then YMCA executes under the YMCA's approval levels.
    b. Is there a terms of reference or contract for services associated with admin fee? Admin fee goes towards YMCA overheads.
    c. Are there performance metrics for management and redress mechanisms for failure to meet? Appendix E to the draft operating agreement identifying performance measures.
6. Is there National support from the YMCA for training, mentoring and performance to guide management? SM YMCA supports training and development of their staff.

Operational:

7. Describe the YMCA's role in operations?
    a. Who sets the annual operating budget? Board
    b. Are they responsible for member recruitment? Yes, see section , Duties of the YMCA in the Op agreement
    c. Are they responsible for special events and programming? Yes, subject to budget approval.
    d. Are they responsible marketing? Draft agreement refers to promoting.
    e. Are they responsible for human resources? Yes, staff are YMCA employees.
    f. Are they responsible for vendor selection for operations? (see 5a. and b.) Expected, but not specifically referenced.

Financial:

8. Please describe the financial model for the Centre. Will it be primarily member/guest/program driven with special events? Anything else? There is mention of predicted operating loss and efforts to provide for shortfall. Revenue is primarily based on a membership model. Other revenues can be derived from gym and room rentals, etc. It's expected the facility will have an annual operating deficit.

9. Memberships are critical to project success - YMCA assumes a 10-15% market penetration which is a revenue range of $1M-$1.5M. What efforts are being taken to reach that 15% number? The Fundraising Team and the associated promotion are creating awareness across the community. No promotion of membership in advance of the start of construction. Targeted completion date is the spring of 2025.

10. There is a funding goal of $5M for capital & $5M for endowment, which is critical to success of the project. How likely are these goals to be attained and at what time frame? Each requires around $260 per person/capita. The Board created a Fundraising Team and professional firm with sponsorship and naming rights experience has been retained. The FRT has expressed confidence to the Board in their ability to generate the funds.

11. YMCA has noted that 6-lane pools are typically built in catchment areas with >32,000 population, well above the WPS region. Are there opportunities that WPS has identified as a result of a 6-lane pool that can off-set the operating deficit?
The December 2022 report to the Board identified the additional capital cost and the net operating cost of adding two additional lanes. The area is attractive for a number of reasons and continues to grow. 2021 census information to be sent.

Reserves

1. There is mention of $350k annual budget for reserves/capital improvements/recapitalization which is roughly half of the depreciation – the assumption is roughly half will come from operations & remainder from funding/financing? Please clarify the reference and the question.
2. Have the endowments been identified or is that part of the fundraising strategy?
    a. From website: … as the campaign works to raise at least $2 million in support by September 2023 in a combination of financial and in-kind donations. Her overall goal is $5 million in capital funding to offset construction costs. Another $5 million will be raised for ongoing endowment fund to assist with operating funding in early years. The endowments are being developed, but not finalized at this point in time. I understand the plan is to engage community groups such as the Rotary.

APPENDIX C – MSB AGREEMENT

West Parry Sound Recreation and Cultural Centre
Joint Municipal Service Board Agreement

BETWEEN:

The Corporation of the Township of the Archipelago

and

The Corporation of the Township of Carling

and

The Corporation of the Municipality of McDougall

and

Corporation of the Township of McKellar

and

The Corporation of the Town of Parry Sound

and

The Corporation of the Township of Seguin

(collectively referred to herein as "Municipalities")

WHEREAS sections 196 of the Municipal Act, 2001, ("Act") grants the power to establish a municipal service board;

AND WHEREAS section 197 of the Act states that a municipal service board is a body corporate unless the municipality provides otherwise, and further that a municipal service board is an agent of the municipality, and further that a municipal service board is a local board of the municipality for all purposes;

AND WHEREAS section 198 of the Act provides that a municipality may give a municipal service board the control and management of such services and activities of the municipality as the municipality considers appropriate and shall do so by delegating the powers and duties of the municipality to the board in accordance with this Act;

AND WHEREAS section 202 of the Act provides that two or more municipalities may enter into agreements to establish a joint municipal service board and to provide for those matters which,

in the opinion of the participating municipalities, are necessary or desirable to facilitate the establishment and operation of the joint municipal service board, and further that the provisions of the Act that apply to municipal service boards also apply with necessary modifications to joint municipal service boards;

AND WHEREAS a partnership of various municipalities of West Parry Sound and the Shawanaga First Nation and the Wasauksing First Nation communities submitted a joint application under Investing in Canada Infrastructure Program (ICIP) for a West Parry Sound Area Recreation and Culture Centre;

AND WHEREAS the Municipalities have committed financial resources towards the establishment and operation of the West Parry Sound Area Recreation and Culture Centre and are granted voting member status as described herein;

AND WHEREAS the Shawanaga First Nation and Wasauksing First Nation are not financial partners towards the establishment and operation of the West Parry Sound Area Recreation and Culture Centre and are granted non-voting participant status as described herein;

AND WHEREAS the Municipalities now wish to enter into an agreement for the purposes described above;

NOW THEREFORE, IN CONSIDERATION of the terms and conditions herein:

Joint Municipal Services Board

1. A joint municipal services board ("Board") is hereby established by the Municipalities, for the purpose of acting as an agent on behalf of the Municipalities, in the constructing, maintaining, and operating the West Parry Sound Recreation and Cultural Center ("Centre") and confirm that the Board is a body corporate and a local board of the Municipalities.

(a) The council of each Municipality may appoint one member of council as a voting Member (collectively "Members") to the Board.

(b) The council of each Municipality may appoint an alternative council member, who in the absence of the Member, is entitled to attend meetings of the Board and vote.

(c) Members on the Board will have no fixed term of appointment, and will serve at the pleasure of their respective municipal council, but appointments shall not exceed the term of Municipal Council.

(d) Members will not receive any remuneration, other than for expenses. This does not prevent a member who is also a member of a municipal council or other board from receiving remuneration as a councillor or board member.

(e) Members have weighted votes. The Board will make decisions by a weighted majority vote, unless specified otherwise in this Agreement. In calculating whether a vote has been carried, only the votes of those present and voting shall be considered according to the following:

i. The vote of the Members of the Town of Parry Sound and the Township of Seguin each has a weight of three (3);
ii. The vote of the Members of the Township of the Archipelago and the Municipality of McDougall each has a weight of two (2);
iii. The vote of the Members of the Township of Carling and the Township of McKellar each has a weight of one (1).

(f) The councils of the Shawanaga First Nation and the Wasauksing First Nation may each appoint one member of their council to the Board as a non-voting participant.

(g) The Chair and Vice-Chair of the Board may be elected for up to 2 years from amongst the Members. Voting for the positions of Chair and Vice-Chair of the Board will take place at the final meeting of the applicable calendar year with the Chair and Vice-Chair taking office effective January 1 of the following applicable year.

OR

Alternatively, the Board may choose to elect a resident of one of the Municipalities or First Nations as a non-political, non-voting Chair and/or Vice-Chair who is not a Member of any Council. The term of this Chair and/or Vice-Chair may vary in length as determined by the Board from time to time and may extend across electoral terms of Municipal Councils in an effort to provide continuity.

(h) In the absence of the Chair, the Vice-Chair shall act as the Chair of the Board.

(i) Regular meetings of the Board will be held at a time and place as determined by the Board. Special meetings may be held, as requested by a majority of the Members, or at the call of the Chair. A minimum of five (5) working days notice shall be provided, unless the meeting has been called on an emergency basis.

(j) A quorum of the Board is a simple majority of Members.

(k) Members to the Board shall act in the best interest of the Centre as a whole and shall operate in a prudent financial manner.

(l) The Board shall pass a procedure by-law for governing the calling, place and proceedings of meetings as required by section 238 of the Act and all meetings shall be open to the public, or as otherwise provided for in section 239 of the Act.

Delegated Authority

2. The Board has full authority and necessary powers to manage the construction, operation and maintenance of the Centre including:

(a) initiating the design and construction of the Centre;
(b) obtaining approvals;
(c) issuing requests for proposals and contracting for services;
(d) entering into agreements with individuals, corporations and other levels of government, including but not limited to, the Transfer Payment Agreement for the Investing in Canada Infrastructure Program (ICIP): Community, Culture and Recreation Stream;
(e) fundraising and obtaining sponsorships;
(f) acquiring ownership and/or leasehold interest in property;
(g) operating bank accounts and other transactions;
(h) receiving funding from upper levels of government;
(i) approving the annual Operating and Capital Budget;
(j) setting public user fees; and
(k) executing conveyances of any surplus property.

3. The capital costs for the design and construction of the Centre shall not exceed $32 Million (the amount of Municipal and ICIP funding available at the time of signing this agreement), but this figure shall not include any additional proceeds raised through fund raising, additional grants, etc.

4. The Board is authorized to add capital improvements (i.e. new projects) to the Centre from time to time up to a limit of $350,000 per budget year, as adjusted by the annual building construction price index (BCPI) for Ontario. The $350,000 plus BCPI limit has reference only to the cost to be funded by the Municipalities and does not include any other source of funds acquired by the Board such as government grants, fundraising, or sponsorships.

5. Agreements and conveyances entered into by the Board shall be executed by the Chair and one (1) other Member, or as otherwise directed by the Board. The proceeds of the disposition of any surplus property will be used for the Centre, unless otherwise determined by the Board.

Effective Date

6. The Municipalities and First Nations may appoint Members to the Board prior to the execution of this Agreement, and the Board may make administrative arrangements so that it is able to commence functioning on the effective date of this Agreement.

Insurance Coverage

7. The Board shall maintain sufficient insurance coverage at all times throughout the construction and operation periods of the Centre.

Administering Body

8. The Board may appoint one or more Municipalities, individuals or other agencies, as the Administering Body that, subject to any operating agreement between the Board and an Operating Agent, will be responsible for any or all of the administrative functions for the operation of the Centre on behalf of the Board. The Administering Body may execute agreements on behalf of the Board that are within its authority under this section. Operating Agent means anyone with whom the Board enters into an operating agreement, from time to time. The administrative functions that may be delegated include:
    a. keeping books, records and accounts;
    b. liaison with the Operating Agent;
    c. negotiating agreements with the Operating Agent, individuals, or other persons, subject to the approval of the Board;
    d. preparing capital and operating budgets;
    e. preparing user fees;
    f. billing and receiving payments from Municipalities;
    g. making payments to the Operating Agent, other individuals, or persons;
    h. making payments on any debt and other financing payments;
    i. raising capital financing;
    j. preparing and keeping minutes of Board meetings, circulating in a timely manner the minutes to the Members, and making the minutes available to the public;
    k. holding reserve funds;
    l. operating bank accounts;
    m. making day-to-day operation and maintenance decisions and implementing or providing for the implementation of those decisions, where they are not being implemented by the Operating Agent, up to a maximum value of $5,000, or any other value as determined by the Board from time to time; and,
    n. such other functions that are determined by the Board.

9. The Board or the Administering Body may charge interest at prime (as charged by the bank used by the Board or Administering Body) plus 2.5% on outstanding amounts past due if amounts due to them are not paid when due.

10. The records of the Board and the Administering Body with respect to the Centre shall be audited on a regular basis. Municipalities and their auditors will have access to administrative and financial records related to the Centre upon request.

Annual Budgets & Capital Reserve Fund

11. Each year the Board shall prepare an Operating Budget, a Capital Budget, and public user fees on or before November 15th of the year preceding the year for which the Budget or user fees are prepared.

12. Operating Budgets shall include both direct and indirect costs normally associated with operating and maintaining the Centre, including routine and minor replacement parts, and the costs incurred in administering the Centre. Operating costs will exclude those items agreed by the Board to be capital.

13. The Capital Budget shall project capital replacement and rehabilitation expenditures for the upcoming ten (10) year period which shall be determined by an asset management plan prepared within two (2) years of this Agreement coming into effect to address future capital requirements for the Centre over a ten (10) year period. The asset management plan should be updated from time to time as determined necessary by the Board or as legislated.

14. The Board shall have no authority to borrow funds, save and except in the event that an urgent replacement or rehabilitation expenditure has to be made during the course of the year that is not provided for in the Capital Budget. In this event, the Board may arrange for one or more Municipalities to finance the expenditure (and not from any other source) and shall provide in the Board's future budgets for the repayment of such financing in one or more subsequent years, to the extent that it is not provided for in the Capital Reserve Fund.

15. A Capital Reserve Fund shall be held by the Board for the purpose of ensuring that sufficient funds are deposited annually and held to properly maintain the Centre according to the asset management plan.

Annual Municipal Payments

16. The Municipalities shall share the burden of the annual contributions to the operating budget and the capital budget (including contributions to the capital reserve as determined by the asset management plan) according to the following percentages:

i.	Archipelago	12.8
ii.	Carling	10.5
iii.	McDougall	17.6
iv.	McKellar	8.5
v.	Parry Sound	26.7
vi.	Seguin	23.9
	Total	100.0

17. These percentages were calculated using the formula in Schedule "A", as adjusted for the municipal shortfall. These percentages shall be recalculated at least every 10 years using updated data and the percentage of annual contributions shall be adjusted among the Municipalities accordingly.

18. The Board will deliver to each Municipality a statement twice yearly based on the approved budgets. The Municipalities shall make payments to the Board in accordance with the statement.

19. Joint municipal contributions to fund the annual operating deficit shall be capped at $350,000, annually, indexed to CPI. Any deficit larger than this amount, to be covered by municipal contributions, shall require approval of the Municipalities.

Dispute Mechanism

20. Where a dispute arises between a Municipality(s) and the Board, the Municipality may pass a Resolution outlining the nature of the dispute and request the Board hold a special meeting to consider the matter in dispute. Upon receiving such request, the Board shall hold a special meeting within 45 days to consider the dispute.

21. The Board has authority to settle all disputes put forward by a Municipality(s) save and except for matters concerning the authority granted under this Agreement and/or the interpretation of the terms of this Agreement. Where the Board has held a special meeting to consider a dispute concerning an authority or interpretation matter, and the disputing Municipality remains unsatisfied, the Municipality may refer the matter to arbitration.

22. A dispute may be referred to arbitration pursuant to the provisions of the Arbitration Act, 1991, as amended, and in accordance with the following unless otherwise agreed to by the parties to the arbitration:

    a. reference to arbitration shall be to a single Arbitrator who shall be selected by agreement of all of the parties to the arbitration and failing such agreement shall be selected by agreement between counsel for each of the parties to the arbitration;

    b. the Arbitrator shall have the power to award interim and interlocutory injunctions and other equitable relief;

    c. the Arbitrator shall make its determination in writing within four calendar months of being appointed;

d. the Arbitrator shall have the power to award the costs of the Arbitrator's services and related costs against either party, however, each party will bear the costs of their own counsel and witness fees; and

e. either party may appeal the award of the Arbitrator to the Ontario Superior Court of Justice, only on a question of law, with leave of the court. No appeal lies on a question of fact or of mixed law and fact.

Amendments to this Agreement

23. Any term in this Agreement may be changed upon a two-thirds vote of the Municipalities, save and except where another municipality wishes to join the Board and enter into this Agreement, or where a municipality wishes to withdraw from the Board and this Agreement, or where the funding formula is to be changed, in which case all Municipalities to this Agreement must give their consent.

24. Where there is a dispute among the Municipatities concerning an authority or interpretation matter, and the disputing Municipality remains unsatisfied, the Municipality may refer the matter to arbitration as per section 22.

IN WITNESS WHEREOF the Parties hereto have hereunto affixed their corporate seals duly attested to by their proper signing officers in that behalf as of the 10th day of September, 2021.

The Corporation of th^Jownship ofj.be Archipelago

The Corporation of the Township of the Archipelago

By:

By: Name: Oei/-^4i'(/e>^^^

Title: ^€e\.^

Name: Bert Liverance

Title: Reeve

By:

By: Name: Maryann Weaver

Title: Maryann Weaver

Title: Clerk

The Corporation of the Township of Carling

The Corporation of the Township of Carling

By:

By: Name: ^^O'^ ^E>^OYe/-

Title: /^^c\^<->^

Name: Konoyak

Title: Mayor

By:

By: Name: /r'6-'^'^' /^ "^C^/^/^

Title: <^AC)/C ^<^/c

Name: KEVIN KELWAIN

Title: CAO/CLERK

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The Corporation of the Municipality of McDougall

By: "\^C>Vi\'/^^n

Name: Dale Robinson

Title: ^'\C^Q<-

By: Tow West

Name: (Xfi I\4S-^

Title: C[£^

Corporation of the Township of McKellar

By: M Wi-

Name: /-^/-^ H^/^...

Title: MAYOR

By:

Name: /^O^f-h^/ /<^^~7tY^

Title: ^^-^- (^L^Ze^

The Corporation aithe Town qf Parry Sound

The Corporation of the Town of Parry Sound

By:

Narr/e: ^^M;?^-^\^ ^i^e^)

Title: HA4C^/

'gtl^^^4-<_

By:

Name: Rlb?^4oh^son,Clerk/Commissioner

Title: Town of Parry Sound

The Corporation of the Township of Seguin

The Corporation of the Township of Seguin

By:

Name: ($ai't fi^^SOi^

Title: ft-ok'A^ Ma.^jOr

Title: Acting Mayor

By: l^t<J^-

Name: ^i^f^OL $p^n^

Title: b^pi^ CK/-k

Title: Deputy Clerk

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Schedule A to the West Parry Sound Recreation and Cultural Centre Joint Municipal Service Board Agreement

Option approved for Funding Application

A- 1/3 pop, 1/3 assessment, 1/3 household

		Assessment	Households	Population
Archipelago	14.51%	$2,042,804,6093379		531
Carling	9.03%	$988,581,8541812		1125
McDougall	11.51%	$735,361,1001998		2702
McKellar	7.33%	$650,276,3001634		1051
Parry Sound	19.83%	$705,586,4762775		6321
Seguin	29.96%	$3,465,463,7185023		4303
Whitestone	7.84%	$589,612,2181985		1100
Wasauksing	0.00%			
Shawanaga	0.00%			
	100.00%	$ 9,177,686,275	18,606	17,133

B - Driving Distance - Number of Households

		0-15km	15-30km	>30km
	weighting	80%	50%	10%
Archipelago	8.2%	185	321	2873
Carling	9.3%	225	834	753
McDougall	20.9%	1702	296	0
McKellar	11.2%	0	1613	21
Parry Sound	30.7%	2775	0	0
Seguin	15.4%	550	1200	750
Whitestone	4.4%	0	295	1690
Wasauksing	0.0%			
Shawanaga	0.0%			
	100%	5437	4559	6087

C - MODIFIED OPTION based on Combination of A & B

Archipelago	11.4%	
Carling	9.2%	
McDougall	16.2%	~~see table below for calculations (A+B)/2~~
McKellar	9.3%	
Parry Sound	25.3%	
Seguin	22.5%	
Whitestone	6.1%	
Wasauksing	0.0%	
Shawanaga	0.0%	
	100%	1

Cost Sharing of Annual Operations Estimates		Options for Cost Sharing of Capital Costs w/o Grant Estimates	Options for Cost Sharing of Capital Costs w Grant Estimates Grant portion: 73%	
YMCA Model			High	High
$ 300.000	$ 500.000	$32.000.000.00		$8.640.000
$ 34.107	$ 56.845	$3,648,000		$984,960
$ 27.471	$ 45.786	$2.944.000		$794.880
$ 48.547	$ 80.911	$5.184.000		$ 1.399.680
$ 27.759	$ 46.265	$2.976.000		$803.520
$ 75.757	$ 126.261	$8.096.000		$ 2.185.920
$ 67.436	$ 112.393	$7.200.000		$ 1.944.000
$ 18.316	$ 30.527	$1.952.000		$527.040
$ -	$ -	$ -		$ -
$ -	$ -	$ -		$ -
	$ 299,392	$ 498,987	$32,000,000	$ 8,640,000

	A	B	C	D	E	Capital Share Unfunded	Funding Grant 73%	Municipal Funded 27%
	1/3,1/3,1/3	Driving	(A+B)/2		# of Votes	$32,000,000	32,000,000	32,000,000
Archipelago	14.5%	8.2%	**11.4%**		1.00	$ 3,648,000	$2,663,040	$984,960
Carling	9.0%	9.3%	**9.2%**		1.00	$ 2,944,000	$2,149,120	$794,880
McDougall	11.5%	20.9%	**16.2%**		2.00	$ 5,184,000	$3,784,320	$1,399,680
McKellar	7.3%	11.2%	**9.3%**		1.00	$ 2,976,000	$2,172,480	$803,520
Parry Sound	19.8%	30.7%	**25.3%**		3.00	$ 8,096,000	$5,910,080	$2,185,920
Seguin	30.0%	15.0%	**22.5%**		3.00	$ 7,200,000	$5,256,000	$1,944,000
Whitestone	7.8%	4.4%	**6.1%**		1.00	$ 1,952,000	$1,424,960	$527,040
						$ 32,000,000	$23,360,000	$8,640,000

Each Municipality will pay their share based on the % in column C

APPENDIX D – WHITESTONE AGREEMENT

Funding Agreement

BETWEEN:

West Parry Sound Recreation and Cultural Centre
Joint Municipal Service Board

("Board")

and

The Corporation of The Municipality of Whitestone

("Whitestone")

WHEREAS the municipalities of The Archipelago, Carling, McDougall, McKellar, Parry Sound and Seguin have formed a joint municipal service board known as the *West Parry Sound Recreation and Cultural Centre Joint Municipal Service Board*;

AND WHEREAS the Board is desirous of establishing a recreation and cultural centre ("**Facility**") which meets the needs and interests of all West Parry Sound communities and encourages healthy lifestyles, social interactions and physical well being through education, recreation, wellness, cultural and athletic activities;

AND WHEREAS Whitestone has opted out of joining the Board, but nevertheless recognizes that a recreation and cultural centre is an important amenity for the economic and social well being of the residents of West Parry Sound, including the residents of Whitestone;

AND WHEREAS the Board has relied and will continue to rely on the financial support of Whitestone when making decisions about the Facility;

NOW THEREFORE, IN CONSIDERATION of the terms and conditions herein the parties agree as follows:

Whitestone Funding

1. Whitestone shall make a one-time financial contribution of $250,000 towards the building of the Facility, within 30 days of the commencement of construction of the physical building, subject to the completion of the requirements outlined in section 4.

2. The Municipality of Whitestone further agrees to contribute annually towards any operating deficit of the Facility, up to 6.1% of such annual deficit, provided that the annual maximum shall not exceed $18,316, commencing in the first year of the Facility's operation for a total of ten (10) years, with the annual maximum amount to be increased by the annual consumer price index as of September of the preceding year. The contribution to the first calendar year of operation shall be prorated and shall be based

on the first day of operation being the first day the facility was open to the public with full services as determined and confirmed to the satisfaction of Whitestone.

Operating deficit means where the operating costs and expenses incurred by the Facility, as determined under Generally Accepted Accounting Principles (GAAP), that are related to the operation of the Facility and which shall not include depreciation or reserve funds, exceed the membership revenue and any other operating revenue received by the Board. Whitestone shall have the ability to review all operating costs, revenues and expenses and satisfy itself with the said deficit.

3. The Board shall invoice Whitestone for any operating deficit within 120 days of year-end (to be based on the Audited Financial Statements) for Whitestone's share of the prior year deficit. Whitestone shall pay the invoice within 90 days of receipt subject to the review noted above and concurrence of the operating deficit.

Conditions of Funding

4. The commitments outlined above are conditional on
    a. A review of the operating model, projected operating revenues, costs, and reserve requirements for the Facility by independent management consultants with expertise in such reviews, to be completed prior to final design of the Facility, at the Boards' cost.

Benefits

5. The residents of Whitestone shall be entitled to use the Facility to the same extent and for the same cost as any other resident of the municipalities that make up the Board during the term of this agreement.

Relationship

6. Nothing in this Agreement is intended to convey ownership of the Facility, or constitute an agency, partnership, joint venture or other form of joint enterprise or fiduciary relationship between the Parties and neither Party shall have authority to bind the other Party in any manner whatsoever.

Counterparts

7. This Agreement may be executed in one or more counterparts, all of which will be considered one and the same Agreement, and will be binding when one or more counterparts have been signed by each of the parties and delivered, either manually

or electronically, to the other party, it being understood that all parties need not sign the same counterpart.

Entire Understanding

8. This Agreement constitutes the entire agreement of the Parties with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, with respect to such subject matter.

Successors and Assigns

9. This Agreement is binding upon and inures to the benefit of the Parties and their respective successors and assigns.

IN WITNESS WHEREOF the Parties hereto have hereunto affixed their corporate seals duly attested to by their proper signing officers in that behalf as of the 31 day of October, 2022.

West Parry Sound Recreation and Cultural Centre Joint Municipal Service Board

By: _____
Name: Donald Sanderson
Title: Chair

By: _____
Name: Rebecca Johnson
Title: Clerk

The Corporation of The Municipality of Whitestone

By: _____
Name: George Comrie
Title: Mayor

By: _____
Name: Michelle Hendry
Title: CAO/Clerk

APPENDIX E - BDO PROFILE

Firm Profile: BDO Canada LLP

Company Background

BDO's Global Network

Initially established in 1964, the international BDO network is now the fifth largest accounting network in the world. It is comprised of BDO Member Firms in over 150 countries, which are each governed as an independent legal entity in their own countries.

With over 67,000 people in more than 1,400 offices worldwide, BDO offers a multitude of services to clients in various industries around the world.

BDO in Canada

At BDO, we believe that delivering exceptional client service is the foundation of being a trusted advisor. With more than 125 offices from Vancouver to St. John's, our 3,500 empowered professionals are committed to providing clients with practical advice and insight, tailored to their industries and unique priorities and ambitions.

Through clear and open conversations with a focus on delivering value for money, we strive to exceed the expectations of our more than 50,000 business clients. Our professionals have the expertise to serve owner-managed businesses, large enterprises, mid-market public companies, the public sector, communities and non-profit organizations in a broad range of industries.

BDO in Ontario

The engagement team for this project includes staff from BDO's Sault Ste. Marie office. Part of BDO's offices extending from Sudbury to Winnipeg in Ontario. The primary purpose for the group is to facilitate the delivery of services to our clients and foster the development of industry specialties. Functioning as a cohesive unit, this group shares all resources and has access to 56 partners/associates and over 300 professional staff located in 10 offices and is led by a Regional Managing Partner (RMP). The RMP oversees the strategic direction and operational management of various accounting, assurance, tax and business advisory services staff.

Biography

jmelisek@bdo.ca

747 Queen Street East
P.O Box 1109
Sault Ste. Marie ON P6A 5N7

Tel: 705 945 0990 X 4022
Fax: 705 942 7979
www.bdo.ca

Joe Melisek, B.Sc, BA, CMC
Associate

Expertise Summary

Joe is an Associate responsible for management consulting, business technology solutions and training provided by the Sault Ste. Marie office. Joe has over 30 years of experience, including 27 years with BDO Canada LLP.

His areas of expertise are in organizational/operational reviews, business transition, feasibility studies, strategic and business planning with a particular focus on Indigenous, Municipal and Family business clients. Joe's scope of expertise in training is in the area of entrepreneurship, governance, human resource system implementation and computer software applications.

His industry specialties are in the Public (Indigenous, Municipal, Not-for-Profit) and Family Business management consulting sectors.

Professional Designations & Education

- Certified Management Consultant, Ontario (2000)
- Bachelor of Arts – Economics and Commerce – Laurentian University of Sudbury (1988)
- Bachelor of Science, University of Windsor (1983)

Professional Affiliations

- Member, Canadian Association of Management Consultants
- Approved Consultant - to perform capacity development activities in First Nation communities for the First Nations Market Housing Fund
- Joe is past National Chair of BDOs Indigenous Industry Group
- Joe was approved by Indigenous Services Canada as an Advisor in Ontario Federal Government First Nation engagements.

Community Involvement

- Past Director with Sault Ste. Marie Crime Stoppers and the Sault College Foundation.
- 13 year AA minor hockey and baseball coach.

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BDO is the brand name for the BDO network and for each of the BDO Member Firms.

From:	Clayton Harris
To:	Rebecca Johnson
Subject:	FW: [EXT] Review Revenue/Expense Forecast for the New Recreation Centre
Date:	September 6, 2023 5:26:12 PM
Attachments:	Nathan Dool Profile.pdf Joe Melisek Profile.pdf Mike Fabbro Profile.pdf Zoltan Virag Profile.pdf

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This email includes BDO's proposal, scope of work and the profiles of team members. This is an attachment to the MSB report.

Clayton Harris
Chief Administrative Officer
charris@townofparrysound.com

Town of Parry Sound
52 Seguin St
Parry Sound, ON P2A 1B4
T. (705) 746-2101 x215
F. (705) 746-7461

Please visit www.parrysound.ca to learn more about the Town of Parry Sound and upcoming events

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From: Clayton Harris
Sent: Wednesday, May 24, 2023 2:17 PM
To: Tim Hunt (THunt@mcdougall.ca) <thunt@mcdougall.ca>; jinwood@seguin.ca; John B. Fior <jfior@thearchipelago.on.ca>; Kevin McLLwain <kmcllwain@carling.ca>; clerk@mckellar.ca; Adam Good <ced@wasauksing.ca>; Deborah Pegahmagabow <doh@wasauksing.ca>
Cc: Rebecca Johnson <rjohnson@parrysound.ca>
Subject: FW: [EXT] Review Revenue/Expense Forecast for the New Recreation Centre

Below is a quote to undertake the review of the operating budget forecast in response to Whitestone's requirement for their financial contribution. The review needs to be done by a qualified firm and prior to the final design.
Please let me know if you have an questions or concerns with proceeding.

Clayton Harris
Chief Administrative Officer
charris@townofparrysound.com

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From: Melisek, Joe <JMelisek@bdo.ca>
Sent: Friday, May 19, 2023 11:06 AM
To: Clayton Harris <charris@parrysound.ca>
Subject: RE: [EXT] Review Revenue/Expense Forecast for the New Recreation Centre

To: Recreation Centre Board/Clayton Harris

We understand that you wish to engage us to provide advisory services, namely a review of operating and financial information, to the partnering communities on a new Recreation Centre in the Parry Sound area as described herein. It would be our pleasure to provide these services to the communities. The intent of this e-mail is to outline purpose, scope of services, fee estimate, review team and timeline for Board approval.

Purpose

The primary purpose of the review is to fulfil a condition of receiving funds from a neighbouring municipality, Whitestone, for the Centre.

Scope of Services

To meet this purpose, the engagement will be a review of key information and assumptions for the Centre. Specifically, the engagement consists of:

1. Review of the proposed operating model of the Centre and identify operational and financial risks;
2. Review projected operating revenues and costs and assess the reasonableness of the assumptions and risk to the Board. BDO will look at each assumption and assess as no risk, low risk, medium risk and high risk with commentary/support on the assessment using comparators, research, etc.; and,
3. Review reserve requirements using Public Sector Accounting Board (PSAB) accounting standards for the public sector..

These services will require access to and review of operating model and financial information including assumptions, development of a review/risk template, analysis of comparators/research

and report development.

Any other advisory services beyond these activities including meeting/calls (outside of information requests), additional scope items or presentations will be quoted separately from this agreement.

Fee Estimation

Our fees for the scope of services will be the lower of time dedicated to the scope at our hourly rates for each team member or $5000.

Study Team

1. Nathan Dool – Review Oversight
2. Joe Melisek – Review Manager
3. Zoltan Virag/Mike Fabbro – Review Research and Report Development

Profiles are attached.

Timeline

Timeline will be 2-3 weeks from engagement letter signing. BDO is not responsible for delays with regard to information requests to the Community Partners

Thank you for considering BDO Canada LLP Chartered Accountants and Advisors for this review.

Joe Melisek BSc, BA, CMC
Associate

Advisory Services
BDO Canada LLP
jmelisek@bdo.ca
747 Queen St E.
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From: Clayton Harris
Sent: May 18, 2023 10:20 AM
To: Melisek, Joe <JMelisek@bdo.ca>
Cc: Rebecca Johnson <rjohnson@parrysound.ca>; Stephanie Phillips <sphillips@parrysound.ca>; jinwood@seguin.ca; Tim Hunt (THunt@mcdougall.ca) <thunt@mcdougall.ca>
Subject: RE: [EXT] Review Revenue/Expense Forecast for the New Recreation Centre

The primary objective is to meet Whitestone's conditions in order to receive their financial commitment. We would look to your advice on what work is reasonable/necessary to meet the conditions. I suspect there may be some limits on

the review as Whitestone has requested the review be completed prior to the final design.

For your review I will also send you a copy of a report that went to the board in December. The purpose of the report was to assist the board in making a decision whether or not to add 2 lanes to the pool. The report was prepared in conjunction with the YMCA.

Clayton Harris
Chief Administrative Officer
charris@townofparrysound.com

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From: Melisek, Joe <JMelisek@bdo.ca>
Sent: Thursday, May 18, 2023 10:00 AM
To: Clayton Harris <charris@parrysound.ca>
Cc: Rebecca Johnson <rjohnson@parrysound.ca>; Stephanie Phillips <sphillips@parrysound.ca>
Subject: RE: [EXT] Review Revenue/Expense Forecast for the New Recreation Centre

Ok good to know Clayton – can you confirm the elements from your original e-mail are the request for services

"We will be looking at firms with the qualifications to conduct a review of the operating model, projected operating revenues, costs, and reserve requirements for the new recreation facility prior to final design of the Facility."

… and on our call we talked about assessing the reasonableness of the assumptions for the foregoing and risk to the Board, which is basically the due diligence exercise. In other words, we would look at each assumption and assess no risk, low risk, medium risk and high risk with commentary/support on the assessment using comparators, research, etc.

As well, mentioned below is fund raising possibly to cover shortfalls in certain areas – and it will be hard to assess the level of effort or energy of a fundraising group over

10 years. We can discuss how that would be assessed/presented in terms of risk should we move forward.

Thanks

Joe Melisek BSc, BA, CMC
Associate

Advisory Services
BDO Canada LLP the
jmelisek@bdo.ca
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Fax: 705 942-7979
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Before you print think about the environment

From: Clayton Harris
Sent: May 18, 2023 9:07 AM
To: Melisek, Joe <JMelisek@bdo.ca>
Cc: Rebecca Johnson <rjohnson@parrysound.ca>; Stephanie Phillips <sphillips@parrysound.ca>
Subject: RE: [EXT] Review Revenue/Expense Forecast for the New Recreation Centre

We have a board meeting next Wednesday. It would be great to have something for the meeting.
Tks

Clayton Harris
Chief Administrative Officer
charris@townofparrysound.com

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From: Melisek, Joe <JMelisek@bdo.ca>

Sent: Thursday, May 18, 2023 8:06 AM
To: Clayton Harris <charris@parrysound.ca>
Cc: Rebecca Johnson <rjohnson@parrysound.ca>; Stephanie Phillips <sphillips@parrysound.ca>
Subject: RE: [EXT] Review Revenue/Expense Forecast for the New Recreation Centre

Thanks Clayton – both e-mails received. Will have a look and if there are no other questions – I will have an estimate and timeline to you middle of next week.

Talk soon

Joe Melisek BSc, BA, CMC
Associate

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From: Clayton Harris
Sent: May 17, 2023 4:41 PM
To: Melisek, Joe <JMelisek@bdo.ca>
Cc: Rebecca Johnson <rjohnson@parrysound.ca>; Stephanie Phillips <sphillips@parrysound.ca>
Subject: RE: [EXT] Review Revenue/Expense Forecast for the New Recreation Centre

Joe the primary purpose of the review is to fulfil a condition of receiving funds from a neighbouring municipality, Whitestone. I have pulled together the following material for you review.

1. Whitestone's Resolution
2. 2018 Forecast prepared as part of the 2019 Due Diligence done by CS&P in consultation with the YMCA and an update done in March 2021, with the assistance of the YMCA
3. Gravenhurst 2019 Finals, budget and actual
4. Updated forecast April 2023
5. Budget assumptions provided by the YMCA

In addition to the attachments, I provide the following notes.

Notes:

1. The YMCA is the anticipated operator of the facility;
2. In December 2022 the board agreed to add 2 lanes to the 4 lane pool;
3. Original plan was a new 48,000 sq ft facility. The plan now is to build 41,000 sq

ft and use the existing 10,000 sq ft YMCA building;

4. The financial assistance is for individuals that cannot afford membership and require a subsidy. The Fundraising Team has targeted raising $5m over the next 10 years to offset operating deficits. Consider if financial assistance can be offset by the fund-raised dollars.

I have additional information I will send along under a separate email.

Can you provide an estimate and timeline to undertake the review.
Look forward to hearing from you.

Clayton Harris
Chief Administrative Officer
charris@townofparrysound.com

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From: Melisek, Joe <JMelisek@bdo.ca>
Sent: Tuesday, April 4, 2023 11:25 AM
To: Clayton Harris <charris@parrysound.ca>
Cc: Rebecca Johnson <rjohnson@parrysound.ca>
Subject: RE: [EXT] Review Revenue/Expense Forecast for the New Recreation Centre

Thanks Clayton – we will wait to hear from you.

Joe Melisek BSc, BA, CMC
Associate

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jmelisek@bdo.ca
747 Queen St E.
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https://link.edgepilot.com/s/1f2af937/ThVj0SxGUEaM38AaxGkskw?u=http://www.bdo.ca/

Before you print think about the environment

From: Clayton Harris
Sent: April 4, 2023 11:21 AM
To: Melisek, Joe <JMelisek@bdo.ca>
Cc: Rebecca Johnson <rjohnson@parrysound.ca>
Subject: RE: [EXT] Review Revenue/Expense Forecast for the New Recreation Centre

I wanted to touch base after our phone conversation the other day. Engaging BDO was discussed at our March 23rd Steering Committee meeting. Subject to receiving a proposal there was support for engaging BDO to review the forecast and assumptions.
We have reached out to the firm that conducted the original due diligence. Developing a revenue/expenditure forecast was part of the due diligence work.
We have asked for the assumptions that supported the forecast.
I will advise once the information has been received.

Clayton Harris
Chief Administrative Officer
charris@townofparrysound.com

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From: Melisek, Joe <JMelisek@bdo.ca>
Sent: Wednesday, March 22, 2023 4:21 PM
To: Clayton Harris <charris@parrysound.ca>
Subject: Re: [EXT] Review Revenue/Expense Forecast for the New Recreation Centre

Anytime is fine. I just finished my 330. Call my cell when you are done!

Get Outlook for iOS

From: Clayton Harris <charris@parrysound.ca>
Sent: Wednesday, March 22, 2023 4:16:31 PM
To: Melisek, Joe <JMelisek@bdo.ca>
Subject: Re: [EXT] Review Revenue/Expense Forecast for the New Recreation Centre

I am still at my doctors appt. part way through but not done. How late are you ok to call?

Clayton

Get Outlook for iOS

From: Melisek, Joe <JMelisek@bdo.ca>
Sent: Wednesday, March 22, 2023 2:38:01 PM
To: Clayton Harris <charris@parrysound.ca>
Subject: RE: [EXT] Review Revenue/Expense Forecast for the New Recreation Centre

Cell 705 255-1321 – I will call you my meeting may not take the full hour

---

From: Clayton Harris
Sent: March 22, 2023 2:37 PM
To: Melisek, Joe <JMelisek@bdo.ca>
Subject: RE: [EXT] Review Revenue/Expense Forecast for the New Recreation Centre

My cell is 416-728-1341. What is the best number to reach you?

Clayton Harris
Chief Administrative Officer
charris@townofparrysound.com

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From: Melisek, Joe <JMelisek@bdo.ca>
Sent: Wednesday, March 22, 2023 2:35 PM
To: Clayton Harris <charris@parrysound.ca>

Cc: Stephanie Phillips <sphillips@parrysound.ca>
Subject: RE: [EXT] Review Revenue/Expense Forecast for the New Recreation Centre

I should be available then Clayton – 330 meeting should be no more than an hour – can I call you at number below when done

Joe Melisek BSc, BA, CMC
Associate

Advisory Services
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jmelisek@bdo.ca
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https://link.edgepilot.com/s/5cc2e0f3/FnMl3WXSckuoDk_qJUlS5g?u=http://www.bdo.ca/

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From: Clayton Harris
Sent: March 22, 2023 2:11 PM
To: Melisek, Joe <JMelisek@bdo.ca>
Cc: Stephanie Phillips <sphillips@parrysound.ca>
Subject: RE: [EXT] Review Revenue/Expense Forecast for the New Recreation Centre

I was hoping to get a sense of timing and costs for a meeting tomorrow. Would you have time at 4:30?

Clayton Harris
Chief Administrative Officer
charris@townofparrysound.com

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From: Melisek, Joe <JMelisek@bdo.ca>

Sent: Wednesday, March 22, 2023 2:02 PM
To: Clayton Harris <charris@parrysound.ca>
Cc: Stephanie Phillips <sphillips@parrysound.ca>
Subject: RE: [EXT] Review Revenue/Expense Forecast for the New Recreation Centre

Clayton – calls and a meeting until 430pm? if I get a break will call - otherwise how is tomorrow

Joe Melisek BSc, BA, CMC
Associate

Advisory Services
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jmelisek@bdo.ca
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https://link.edgepilot.com/s/6bd4d417/Mjggn_ro50uq6MwVEJ4CBw?u=http://www.bdo.ca/

Before you print think about the environment

From: Clayton Harris
Sent: March 22, 2023 1:30 PM
To: Melisek, Joe <JMelisek@bdo.ca>
Cc: Stephanie Phillips <sphillips@parrysound.ca>
Subject: RE: [EXT] Review Revenue/Expense Forecast for the New Recreation Centre

I wasn't able to reach out earlier.
What is your availability this afternoon?

Clayton Harris
Chief Administrative Officer
charris@townofparrysound.com

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From: Melisek, Joe <JMelisek@bdo.ca>
Sent: Tuesday, March 21, 2023 10:00 AM
To: Bodkin, Giselle <GBodkin@bdo.ca>; Clayton Harris <charris@parrysound.ca>
Cc: Stephanie Phillips <sphillips@parrysound.ca>
Subject: RE: [EXT] Review Revenue/Expense Forecast for the New Recreation Centre

Thanks Giselle

Clayton – Good Morning – my contact information is below. I am free for a phone call this afternoon or until 11am tomorrow morning. Let me know what works for you.

Joe Melisek BSc, BA, CMC
Associate

Advisory Services
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jmelisek@bdo.ca
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https://link.edgepilot.com/s/65328e2a/9Ku04Dw7zEeYuJeiYbOHHw?u=http://www.bdo.ca/

Before you print think about the environment

From: Bodkin, Giselle
Sent: March 21, 2023 9:35 AM
To: Clayton Harris <charris@parrysound.ca>; Melisek, Joe <JMelisek@bdo.ca>
Cc: Stephanie Phillips <sphillips@parrysound.ca>
Subject: RE: [EXT] Review Revenue/Expense Forecast for the New Recreation Centre

HI Clayton

Thanks for reaching out to me.

@Melisek, Joe on our BDO team has good experience in this area.

I will leave it to both of your to connect.

Giselle Bodkin, CPA, CA
Chief Diversity, Equity, and Inclusion Officer
Partner through a Professional Corporation
Pronouns She, Her
BDO Canada LLP
Direct: 705 797 3960
Mobile: 705 430 0125
gbodkin@bdo.ca

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Barrie, Ontario L4M 0B4
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I acknowledge that the land on which I work and live is the traditional territory of the Haudenosaunee, Anishnaabeg Peoples. This territory is covered by the Upper Canada Treaties.

"Inclusion and diversity isn't a line item—and it's not just the right thing to do. It goes to the core of what our teams are all about. The more inclusive we are as a company, the stronger we'll be."

From: Clayton Harris <charris@parrysound.ca>
Sent: March 20, 2023 5:26 PM
To: Bodkin, Giselle <GBodkin@bdo.ca>
Cc: Stephanie Phillips <sphillips@parrysound.ca>
Subject: [EXT] Review Revenue/Expense Forecast for the New Recreation Centre

You don't often get email from charris@parrysound.ca. Learn why this is important

We will be looking at firms with the qualifications to conduct a review of the operating model, projected operating revenues, costs, and reserve requirements for the new recreation facility prior to final design of the Facility.

Can you confirm if your firm has the qualifications?

Revenue and expense forecasts were previously prepared by the firm as part of the due diligence phase, with the assistance of the YMCA. The YMCA is the anticipated operator. A requirement to receive funding from one of the area municipalities is to have a qualified third party undertake an updated review.

Clayton Harris
Chief Administrative Officer
charris@townofparrysound.com

Town of Parry Sound
52 Seguin St
Parry Sound, ON P2A 1B4
T. (705) 746-2101 x215
F. (705) 746-7461

Please visit https://link.edgepilot.com/s/2155c14e/oPBjVGUhe06Zl7lDGqYxUg?u=http://www.parrysound.ca/ to learn more about the Town of Parry Sound and upcoming events

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West Parry Recreation and Cultural Centre

Open or Closed: Open

Meeting Date: October 11, 2023

Report Title: August 31, 2023, Monthly Financial Reports

Submitted by: Steering Committee

Purpose of Report: To provide the board with the August 31, 2023, financial reports.

Recommendation: That the August 31, 2023, financial reports be received for information.

Background:

The financial reports reflect the Board's financial position for the period being reported. The monthly financial reports are prepared on a cash basis. Funds received or expenses paid by the end of the reporting period are reflected in the financial reports. Revenues and expenses not received or paid are not accrued for the purposes of monthly reporting.

Balance Sheet as at August 31, 2023

The balance sheet, Attachment 1 illustrates that the Board has received all the financial contributions from the funding partners, $8,112,511. Interest is being earned on the partner contributions and is credited to the Board as shown on the Statement of Operations, Attachment 2.

As monies are spent towards the construction of the recreation centre they are recorded as an asset referred to as Work in Progress (WIP) until the project is complete. As at August 31, 2023, $555,329 has been paid out and recorded as WIP.

Statement of Operations January 1 to August 31, 2023

The Board receives revenues and incurs expenses that are not related to the construction of the facility. These items are recorded in the Statement of Operations, Attachment 2. This statement covers the period January 1, 2023, to August 31, 2023. In 2023 highlights include revenue to the Board of $8,344 in donations and $4,930 in T Shirt totalling $13,274.

Also shown as revenue are municipal contributions received in 2023. Some municipal contributions had been received in prior years. All municipal contributions as set in the Partnership Agreement have been paid the Board.

Funds on hand are earning interest, $207,256 in 2023.

West Parry Recreation and Cultural Centre

Fundraising Report for 2022 and up to August 31, 2023

Over this period the statement identifies total donations, T-Shirt sales and other revenue of $58,688 has been received and expenses of $54,216 paid. The Fundraising Report reflects financial contributions received. The report does not include financial commitments made, but not received.

The report identifies donations the “WPS Rec & Cultural Centre” and donations under “C/O) Town of Parry Sound. The Board applied to the Canada Revenue Agency (CRA) for charitable status. CRA declined to provide charitable status. That decision is being reviewed for a potential appeal. Previously the Board engaged the Town to provide financial services. Until a decision is made with respect to an appeal of the CRA decision the Town can receive donations and issue charitable receipts. Funds accepted are segregated and charitable receipts issued. The report indicates that $45,421 has been received by the Town for which charitable receipts have been issued.

Financial Impact:

This is an information report. There is no financial impact.

Attachments

Attachment 1 - Balance Sheet as at August 31, 2023

Attachment 2 – Statement of Operations January 1 to August 31, 2023

Attachment 3 - Fundraising Report for 2022 up to August 31, 2023

West Parry Sound Recreation and Cultural Centre

Balance Sheet

As of August 31, 2023

	TOTAL
Assets	
Current Assets	
Cash and Cash Equivalent	
WPSRC General Account	8,027,591.00
Total Cash and Cash Equivalent	**$8,027,591.00**
Accounts Receivable (A/R)	
Accounts Receivable (A/R)	247.16
Total Accounts Receivable (A/R)	**$247.16**
Total Current Assets	**$8,027,838.16**
Non-current Assets	
Property, plant and equipment	
Building	
WIP - Architectural	237,143.75
WIP - Construction	32,890.00
WIP - Engineering	52,714.00
WIP - Project Management	232,581.93
Total Building	**555,329.68**
Total Property, plant and equipment	**$555,329.68**
Total Non Current Assets	**$555,329.68**
Total Assets	**$8,583,167.84**
Liabilities and Equity	
Liabilities	
Current Liabilities	
Accounts Payable (A/P)	
Accounts Payable (A/P)	0.00
Total Accounts Payable (A/P)	**$0.00**
GST/HST Payable	-47,652.71
GST/HST Suspense	174.03
Holdbacks	3,289.00
Municipal Cash Deposits	0.00
Total Current Liabilities	**$ -44,189.68**
Total Liabilities	**$ -44,189.68**
Equity	
Opening Balance Equity	0.00
Reserves for WPS Cultural Centre ICIP Project	8,359,828.27
Retained Earnings	-6,445,817.10
Surplus/(Deficit) for the Year	6,713,346.35
Total Equity	**$8,627,357.52**
Total Liabilities and Equity	**$8,583,167.84**

West Parry Sound Recreation and Cultural Centre

Statement of Operations

January - August, 2023

	TOTAL
REVENUES	
Donations	8,344.27
Municipal Contributions	6,606,347.89
Sales of Product Income	
T-Shirt Sales	4,930.26
Total Sales of Product Income	**4,930.26**
Total REVENUES	**$6,619,622.42**
TOTAL REVENUES	**$6,619,622.42**
EXPENSES	
Administrative Charge	20,000.00
Bank charges	234.21
Insurance	15,000.00
Legal and professional fees	
Appraisal - Due Diligence	2,000.00
Consulting	5,000.00
Engineering Due Diligence	8,745.00
Legal	7,443.70
Total Legal and professional fees	**23,188.70**
Meals and entertainment	313.80
Office expenses	
Computer & Software	6,149.00
Total Office expenses	**6,149.00**
Promotional	47,024.28
T-Shirt Supplies	1,623.00
Total Expenses	**$113,532.99**
INTEREST EARNINGS	
Interest earned	207,256.92
Total INTEREST EARNINGS	**$207,256.92**
Annual Surplus/(Deficit)	**$6,713,346.35**

West Parry Sound Recreation and Cultural Centre Fundraising Committee
Reported as of Aug 31, 2023

Fundraising Summary		WPS Rec & Cultural Centre		C/O Town of Parry Sound	Total
		2022	2023	2023	To Date
Revenues					
Misc Donations (not tax receipted)			8,344.27		
T-Shirt Sales	Sales revenues		4930.26		
	processing fees (in bank charges)		-8.01		
Trellis general donations	net of processing fees			6,417.12	
Kim's Swim				7,963.47	
Official tax receipted donations (cash/cheque)	no processing fees			30,500.00	
Interest Earned in Charity bank account				541.18	
Total contributions received		0.00	13,266.52	45,421.77	58,688.29
Expenses		($1,834.00)	($48,647.28)	($3,734.88)	($54,216.16)
Net Fundraising Balance - Surplus/(Deficit)		($1,834.00)	($35,380.76)	$41,686.89	$4,472.13

Notes

$420 approx incorrectly classified as a t-shirt sale back at last report. It was corrected as it was a cheque received from CRA for tax return when deposit slip reviewed

t-shirts, misc donations not tax receipted.

Detailed List of Expenses

Expense Summary Supplier	Description	Invoice Number	Date	WPS Rec & Cultural Centre		C/O Town of Parry Sound	Total
				2022	2023	2023	To Date
North of Muskoka Embroidery Inc.	T-shirts	7367	13-12-2022	1,834.00			
North of Muskoka Embroidery Inc.	T-shirts	7418	14-04-2023		1,170.00		
North of Muskoka Embroidery Inc.	T-shirts	7520	05-05-2023		453.00		
Trellis Social Enterprise Inc.	annual subscription to donation software	INV-0491	28-04-2023			3,588.00	
Amazon	tap device for square	MAY-visa SP	01-05-2023			69.98	
Performance Sponsorship Group Inc.	Completion/approval of valuation report/prospect list	22/23-35	14-04-2023		13,125.00		
Performance Sponsorship Group Inc.	1st month of sales ($5k per month)	22/23-35	14-04-2023		5,000.00		
Performance Sponsorship Group Inc.	Sponsorship and Facility Naming Rights	22/23-33	14-04-2023		13,125.00		
Township of Seguin	pool fundraising postcards	2023-091	05-05-2023		231.28		
Township of Seguin	Canva Printing - Pool	2023-084	05/05/2023		72.5		
Performance Sponsorship Group Inc.	2nd month per Letter of agreement	22/23-41	19/05/2023		5,000.00		
Performance Sponsorship Group Inc.	3rd month per Letter of agreement	22/23-45	22/06/2023		5,000.00		
Performance Sponsorship Group Inc.	4th month per Letter of agreement	22/24-02	21/07/2023		5,000.00		
Minuteman Press	Postcards	19954	21/07/2023		254.00		
Minuteman Press	Postcards	20069	27/07/2023		216.50		
Telephone usage for debit	June - Aug					76.9	
Total Expenses Incurred as of August 31, 2023				1,834.00	48,647.28	3,734.88	54,216.16