

# East Side Leisure Centre – YMCA Partnership and Operating Models

## ISSUE

This report seeks City Council approval, in principle, for the Administration to continue its discussions with the YMCA for partnering in the development of a new integrated Leisure Centre in the Holmwood Sector, and that these discussions proceed on the basis that an operating model for a new East Side Leisure Centre would be the one identified and selected from this report.

## BACKGROUND

### History

In September 2017, Administration presented the Recreation and Parks Master Plan - Long-Range Capital Plan to a Special Governance and Priorities Committee meeting. The report provided an overview of the 2017 Recreation and Parks Facilities Game Plan (Game Plan), including an updated prioritized list of recreation and parks capital projects connected to the recommendations within the 2015 Recreation and Parks Master Plan. The Game Plan identified the need for a new district level Leisure Centre within the next 10 years.

The Game Plan also identified the continued value of partnerships that enable the City of Saskatoon (City) to achieve broader service levels while also meeting the intended service outcomes it has for investment in recreation and parks. Along with the September 2017 report from Administration, the meeting included a presentation from YMCA who requested the opportunity to explore future partnership opportunities in the construction and operation of the next indoor Leisure Centre.

City Council, at its Regular Business meeting on November 20, 2017, approved the [Recreation and Parks Master Plan – Facilities Game Plan Capital Priorities - Proposed Plan for Funding Strategy Including Partnership Reserve report](#). For the proposed 10-year capital priorities, the Game Plan identified a new district level Leisure Centre with an estimated capital cost of \$45 million. The new Leisure Centre does not have a formalized funding plan, and the report noted more work would be required to determine potential funding sources. It was also noted the project funding could include contributions from other levels of government, partnership opportunities and City funding.

City Council, at its Regular Business meeting on March 26, 2018, approved the [Recreation and Parks Master Plan - Facilities Game Plan – Proposed Funding Plan](#). The report detailed the funding plan that would facilitate implementation of the Game Plan capital priorities over the next five years, including City and partnership-led recreation and parks priorities and the establishment of the major and minor partnership reserve. The report also identified unfunded major capital projects including the new Leisure Centre initially targeted for 2028.

In July 2020, the Administration presented a [report](#) providing an update on the discussions with the Saskatoon Public School Division and the Greater Saskatoon Catholic School Division regarding collaboration with the City on planning of a joint-use high school and Leisure Centre facility in the Holmwood Suburban Centre.

City Council, at its Regular Business meeting, on July 27, 2020, resolved in part:

“That the Administration be directed to continue discussions with the Saskatoon YMCA related to the planning of an integrated Leisure Centre being planned for the Holmwood Sector and report back.”

### Current Status

Since Fall 2020, Administration has been in discussions with YMCA regarding models for the development and operation of the East Side Leisure Centre. Options being considered for the operating model have been developed by the administration of both the City and YMCA, and meet agreed upon underlying principles noted in the options section of this report.

### Public Engagement

The City and YMCA agree that public and stakeholder involvement would be an integral part of the development, design and construction of a new East Side Leisure Centre. A community-wide public engagement strategy, as per [Council Policy C02-046](#), the Public Engagement Policy, would be developed in collaboration with the YMCA. Public engagement regarding the new East Side Leisure Centre is anticipated to get underway later in 2022 or early 2023.

### City of Saskatoon’s Current Approach

The City operates six indoor Leisure Centres offering a variety of programs and rental opportunities for residents to participate in sport, recreation, health/wellness programs and cultural activities. The City also has a successful history of developing and operating facilities through partnerships with other organizations.

### Approaches in Other Jurisdictions

Administration has reviewed the operations of leisure facilities in other jurisdictions that have established partnerships between the municipality and the local YMCA. The review included facilities in Calgary, Lethbridge, Kelowna, Red Deer, Vanderhoof, Brandon, London, Fort McMurray and several in the greater Vancouver Area including Chilliwack, Surrey and Coquitlam. From this review, there are several examples of facilities where the YMCA is the operating partner. Regarding other specifics, it is clear there is not one preferred model, as a wide range of relationships regarding operating, capital investments, programming and ownership exist, with each tailored to, and addressing the needs of the individual communities.

## **OPTIONS**

The main purpose of the proposed partnership in the development and operation of the East Side Leisure Centre is to provide the residents of Saskatoon and visitors access to programs and services that will enhance the quality of their lives and help support a

healthy community. The underlying goal for both parties is a value-added outcome for the City, YMCA, and the residents of Saskatoon that supports the development of the proposed partnership.

Next steps include the development of a capital funding plan that will be the topic of a future report to City Council and, if the partnership with the YMCA is approved by Council, will include the capital contributions from both the City and YMCA. The Administrations for both parties agreed the first step would be to develop and select, in principle, the operating model that would apply to this facility.

The options being considered for the operating model have been developed by the Administration of both the City and YMCA and are in alignment with the vision and strategic goals related to the core programs and services for each party, recognizing the experience and knowledge in the operation of recreation facilities and program delivery for each party. The agreed upon underlying principles are as follows:

- The facility will provide quality aquatic, fitness, wellness, community development and leadership programs and services with a focus on meeting the broad needs of demographic segments of the surrounding neighborhoods and community. All services will be offered without discrimination on the basis of age, gender, ability, race, religion and economic circumstance.
- At a minimum, access options will be comparable to other City Leisure Centres and the YMCA.
- Ownership of the facility and land will be the City.
- The operating agreement between partners will result in added benefits and efficiencies in the operations of the new facility.
- All capital equipment and amenities required for operations will be considered a component of the capital project and stay with facility.
- Capital reserves will be developed and held in trust by the City to support asset management plans for the facility and equipment.
- Preventative maintenance service levels will be consistent with other City buildings and YMCA Centres.
- Operational budget will be developed by the partners including budgeted contributions to reserves.
- A comprehensive building assessment every 5 years will determine reserve amounts to ensure asset protection and sustainability.

### **Operating Models for the East Side City/YMCA Leisure Centre:**

The following options for operating models all contain the following common elements:

- YMCA would be the managing partner and be responsible to hire, train and provide all staffing requirements.
- All revenue, operating expenses and budgeted annual contributions to reserves, held in trust by the City, would be provided from operations.

- Funding from the City would be in the form of an annual operating grant or a contribution to a reserve. The amount of funding will be determined when detailed operating budgets are developed and would be less than the mill rate support required for an equivalent stand-alone City-operated Leisure Centre.

**Option 1: YMCA Operates Facility as a New Saskatoon YMCA**

In this option the facility would operate as a YMCA and access to the facility would be provided through YMCA admission options. A City LeisureCard or Bulk Ticket would not provide access to the facility.

**Advantages:**

- a) Reduction in mill rate support required by the City for the facility, spread over the life cycle of the facility, results in a significant reduction in the support required from the tax base;
- b) Provides a second recreation facility for YMCA members with increased opportunities and facility amenities;
- c) YMCA has access to fundraising, sponsorship and volunteer support, not available to the City, for both initial capital investment and ongoing operations;
- d) Public can access the new facility via YMCA admission options, memberships and programs;
- e) Low income access through YMCA subsidized membership program;
- f) City retains ownership of the asset and reserves are in place to sustain the asset through useful life;
- g) YMCA to develop an operating budget with market appropriate access fees and budgeted reserve contributions;
- h) Access to YMCA national resources for training, development, research and child protection standards;
- i) Membership focus leads to volunteering, connection, funds development (both capital and annual) and feeling of belonging; and
- j) Comparable to other municipal and YMCA partnerships in other parts of Canada.

**Disadvantages:**

- a) Different admission options from all other Leisure Centres;
- b) Current LeisureCard or Bulk Ticket holders' pass would not provide access to the facility;
- c) YMCA facilities are membership focused with limited daily admission options;
- d) Public perception of the newest civic facility, with the newest amenities, having different access and programs than other existing Leisure Centres;
- e) Public - perception of the City investing in the capital construction of a new YMCA; and

- f) YMCA and City Leisure Centres may be perceived as vying to attract the same people for memberships, passes and daily users through programs, services and perks.

**Option 2: YMCA Operates Facility as a New Joint Saskatoon YMCA/Leisure Centre**

In this option, the facility would operate as a joint YMCA-City Leisure Centre and access to the facility would be provided through YMCA membership options, market comparable daily admission options. City LeisureCard and Bulk Tickets holders would also have a similar level of access as other City Leisure Centres including access to drop-in activities with revenue from LeisureCard and Bulk Tickets transferred to the facility based on actual usage.

Advantages:

- a) Reduction in mill rate support required by the City for the facility, spread over life cycle of the facility, results in a significant savings;
- b) YMCA has access to fundraising, sponsorship and volunteer support not available to the City;
- c) Provides a second recreation facility for YMCA members with increased opportunities and facility amenities;
- d) Access options include daily admissions;
- e) Public can access new facility via YMCA or City membership/pass options;
- f) LeisureCard, Bulk Ticket holders, and public have access to drop-in activities; revenue would be transferred to facility based on usage;
- g) LeisureCard, Bulk Ticket holders and public can access registered programs by paying the applicable registration fee;
- h) Low-income access through a YMCA subsidized membership program or Leisure Access Program;
- i) Access to YMCA national resources for training, development, research and child protection standards; and
- j) City retains ownership of the asset and reserves, held in trust, to sustain asset through useful life.

Disadvantages:

- a) Different admission options from all other Leisure Centres;
- b) Public perception of the newest facility and amenities having different access and programs than other Leisure Centres;
- c) Newer facilities often attract users from all areas of the city, which may reduce usage at existing Leisure Centres;
- d) The wider range of pass options may increase the percentage of admissions that are pass holders over daily paid admissions, resulting in a lower revenue per visit ratio compared to existing Leisure Centres; and

- e) YMCA and City Leisure Centres may be perceived as vying to attract users to programs and services.

**Option 3: YMCA Operates Facility as a New Joint Saskatoon YMCA/Leisure Centre with Added Condition that a Percentage of Spots for Registered Programming be Reserved for The General Public, LeisureCard and Bulk Ticket Holders.**

In this option, in addition to the access as described in Option 2, a predetermined percentage of space in registered programming would be reserved for the general public, LeisureCard and Bulk Ticket holders. The remainder of space for registered programs would be for YMCA members.

Advantages:

- a) Reduction in mill rate support required by the City for the facility, spread over the life cycle of the facility, results in a significant savings;
- b) YMCA access to fundraising, sponsorship and volunteer support not available to the City;
- c) Provides a second recreation facility for YMCA members with increased opportunities and facility amenities;
- d) Access options include daily admissions;
- e) Public can access the new facility via YMCA or City membership/pass options;
- f) LeisureCard holders, Bulk Ticket holders and public have access to drop-in activities, and revenue would be transferred to the facility based on usage;
- g) LeisureCard and Bulk Ticket holders and public can access registered programs by paying the applicable registration fee;
- h) Predetermined percentage of access or spots for registered programs for the public including LeisureCard holders (non-YMCA members);
- i) Access to YMCA national resources for training, development, research and child protection standards; and
- j) Low-income access through a YMCA subsidized membership and/or leisure access program.

Disadvantages:

- a) Different admission options from all other Leisure Centres;
- b) Public perception of the newest facility, with the newest amenities, having different access and programs than other Leisure Centres;
- c) Newer facilities often attract users from all areas of the city, which may reduce usage at existing Leisure Centres;
- d) Additional administrative costs to manage reserved percentage of spots for public during registrations; and
- e) The wider range of pass options may increase the percentage of admissions that are pass holders over daily paid admissions, resulting in a lower revenue per visit ratio compared to existing Leisure Centres.

**Option 4: The City Proceed with the Development and Operation of the New East Side Leisure Centre under the Current Operating Model**

This option would require full mill rate support comparable to current levels for operating a Leisure Centre and would not support the capital funding and operational benefits of the partnership with the YMCA as described in Options 1-3.

**RECOMMENDATION**

That the Standing Policy Committee on Planning, Development and Community Services recommend to City Council:

1. That Option 2 - YMCA Operates Facility as a New Joint Saskatoon YMCA/Leisure Centre be approved in principle as the proposed operating model for the new East Side Leisure Centre, in partnership with the Saskatoon YMCA; and
2. That the Administration be authorized to enter into discussions with Saskatoon YMCA to develop an Agreement in Principle for the development and operation of the new East Side Leisure Centre.

**RATIONALE**

Administration is requesting approval, in principle, to proceed with Option 2 as the proposed operating model for the new East Side Leisure Centre in partnership with the YMCA. The key advantages to Option 2 supporting the recommendation, as listed in the report, are:

- Provides an equivalent level of access to residents of Saskatoon as in other Leisure Centres;
- Provides value added benefit to the YMCA by providing a second location;
- Provides the YMCA's access to capital and operational fundraising, sponsorship and volunteer support not available to the City; and
- Provides economic value in the reduced mill rate support required to operate the facility.

Administration has developed these options in direct alignment with the City's [Strategic Plan](#). The development of the new East Side Leisure Centre has been identified in the Recreation and Parks Facilities Game Plan and aligns with the Strategic Goal of Quality of Life. The recommended option is in direct alignment with the City Council Priority area of Recreation, Culture and Leisure by supporting the development of recreation, parks, sport, cultural facilities and programs that are accessible, inclusive and meet changing community needs and by a reduced reliance on property tax by increasing alternative revenue sources to support recreation, cultural facilities and programs by way of partnerships. The demand for new recreation facilities does require the City to be innovative and seek out new partnerships, which is the basis for the proposed partnership with the YMCA. With the projected population of the Holmwood Sector, at build out of 75,000 to 80,000 people, the development of a new East Side Leisure Centre will be needed to provide community access to a broad range of recreational opportunities.

### **AGREEMENT IN PRINCIPLE**

Subject to City Council's approval to proceed and the conclusion of satisfactory discussions, a draft agreement in principle will be prepared, and a detailed report presented to the Standing Policy Committee on Planning, Development and Community Services with recommended actions. The agreement in principle would outline a joint understanding of the project and common commitment to the development and operation of the new East Side Leisure Centre.

Subject to the development of an approved capital funding plan and operating budget for the East Side Leisure Centre, a formal Partnership Agreement or a Master Agreement which will have legal effect, will be prepared and signed by both parties. The funding plan and Master Agreement would be the subject of further approval reports and more in-depth discussions.

### **FINANCIAL IMPLICATIONS**

There are no financial implications tied to the approval of the recommendations included in this report as City funding contributions to a new East Side Leisure Centre are undetermined at this time. Subject to approval of the recommendations, Administration will work to develop a capital funding plan including options for funding from all other levels of government, naming and sponsorship opportunities, development levies and funding from both the City and YMCA. A more detailed capital cost estimate will be available later in the project once a potential scope of work has been developed including results from the community engagement. At the appropriate time, Administration will bring forward a report package outlining options and funding approaches that consider all funding sources along with a series of options for amenities provided and the associated estimated capital and operating impacts. At that time, City Council will make the final decision on any funding commitment for the project.

Capital Project P.02600 – Indoor Recreation Facilities has \$39,189 remaining from its original 2015 allocation plus \$165,000 that was approved in 2021 for project management for both the City Centre Recreation Facility and the East Side Leisure Centre project. The funding remaining from the 2015 approved funding will be utilized to support public engagement.

### **ADDITIONAL IMPLICATIONS/CONSIDERATIONS/NEXT STEPS**

Subject to approval by City Council, Administration will continue discussions with YMCA to develop the Agreement in Principle. In addition, Administration will also continue discussions with the Saskatoon Public School Division and the Greater Saskatoon Catholic School Division related to the planning of an integrated Leisure Centre with the two new high schools being planned for the Holmwood Suburban Centre.

Through development of a joint use high school recreation facility, the partner organizations can increase recreation, cultural and social programs and services for a wide segment of the population living in the east Holmwood Sector and the north east



areas of the city.

**COMMUNICATION ACTIVITIES**

Community-wide public engagement, as per policy, will begin in collaboration with partner organizations to gather input from the community on expectations for amenities and programs of the new East Side Leisure Centre. Administration is targeting engagement to occur in late 2022 or early 2023.

**REPORT APPROVAL**

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