

Subject: Potential Funding Options for Welland YMCA

Recommendation:

BE IT RESOLVED THAT Council receive Report #2023-0063 Chief Administrative Officer;

AND THAT Council direct Staff to move forward with Option No. ____

Background:

The YMCA pool in Welland was completed in 2005. At that time, the Town of Pelham committed \$500,000 to the project for initial capital/construction cost.

Since the opening of the Welland YMCA many of the YMCA branches across the province have struggled to remain open under their existing business model. In 2019 the Fort Erie YMCA closed and in 2020 the Town of Fort Erie in partnership with the Boys & Girls Club reopened the doors under a new business model. In 2021, during the height of the Covid-19 public health crisis the St. Catharines YMCA branch closed permanently, and the building was sold to a developer. The Niagara Falls YMCA also closed its doors in 2021, and in 2022 the City of Niagara Falls took over the facility and reopened under a different business model.

For larger, highly dense metropolitan areas, YMCA branches are known to be self-sustaining due to local population. For smaller to mid-size cities, it requires the collaboration from municipalities to sustain operations, as is the case for Port Colborne YMCA and the Grimsby YMCA.

During 2021 and 2022, Pelham staff were in discussions with staff from both the YMCA and City of Welland regarding operational issues and challenges being experienced by the YMCA. The ultimate fruit of these conversations was for the YMCA to formally request financial assistance from both the City of Welland and the Town of Pelham. On January 30, 2023, Christian Wulff, the Acting Chief Executive Officer for the YMCA of Niagara appeared as a delegate before Pelham Council. After the presentation Council directed the Office of the CAO to prepare a report with analysis.

Analysis:

There are a range of options as to how Council can respond to the YMCA's request for support:

1. Decline the offer.

Pros: there is no legal obligation to spend money on a public asset in a different municipality. The Town's reserves are already inadequate for future capital needs (in Pelham) and taking money from a reserve to cover operating costs for the YMCA will only exacerbate this issue. There is a possibility that Welland will feel obligated to provide all necessary monies rather than have the YMCA pool close, as was the case last year in the City of Niagara Falls.

Cons: the YMCA is patronized by hundreds of Pelham residents. There is a historical connection between the YMCA pool and Pelham residents, many of whom have learned to swim there and have patronized the facility for almost two decades. While the pool may be located in Welland, it does serve this community and can fairly be described as being a local asset.

2. Provide the requested support

Pros: based on the YMCA's submission, this amount of support would keep the facility operational throughout its challenging period of post-covid economic recovery.

Cons: the cost of the support requested during the January 30, 2023 delegation to Council is unbudgeted. While the specifics of where the monies can be sourced are addressed in the Financial Implications portion of this report, what matters is that there are no monies included in the 2023 budget for this purpose and said budget already increased local taxes by 5.90%.

The table below is taken from the January 30, 2023 Wulf presentation to Council:

	2023	2024	2025	2026	2027	Total
Pelham	\$111,018	\$108,535	\$108,949	\$103,150	\$96,972	\$528,624

3. Provide support, but at a lesser amount, and/or for a lesser duration.

Pros: essentially the same as Option 2.

Cons: essentially the same as Option 2, except at less of a cost.

Council can provide any amount of financial support which it determines to be appropriate. Lesser amounts may not guarantee the ongoing viability of the Welland YMCA pool, however, there is no guarantee that providing the full amount requested would ensure long-term continued operations either. Council is not obligated to provide any level of support identified below; the two examples are illustrative and non-exhaustive.

One possible option takes a lesser financing level identified by the City of Welland (found in the appended report) as a starting point – it has been adjusted by removing some overhead cost considerations identified in YMCA data, and then adjusts this reduced amount for 2% inflation. Pelham staff endorse that any agreement contain cost certainty for budgeting purposes and so as to avoid this request/negotiation becoming an annual exercise.

	2023	2024	2025	2026	2027	Total
Welland	\$272,495	\$277,945	\$283,504	\$289,174	\$294,957	\$1,418,075
Pelham	\$86,703	\$88,437	\$90,206	\$92,010	\$93,850	\$451,206
YMCA	\$53,673	\$54,746	\$55,841	\$56,958	\$58,097	\$279,315

A further alternative, identified in the table below, involves the Town's financial contributions being capped and in a declining amount, on the theory that the YMCA will slowly rebuild its membership over the years to come, and thereby will require less direct financial support each year.

	2023	2024	2025	2026	2027	
	\$412,871	\$370,254	\$329,889	\$254,816	\$171,519	TOTAL
Welland	\$272,495	\$244,368	\$217,727	\$168,179	\$113,203	\$1,015,970
Pelham	\$86,703	\$77,753	\$69,277	\$53,511	\$36,019	\$323,263
*Other	\$53,673	\$48,133	\$42,886	\$33,126	\$22,297	\$200,115

*To be absorbed by the YMCA

In the event that Council directs staff to pursue either Option 2 or Option 3, then the next step will be to negotiate a three-party Memorandum of Understanding, which will govern the obligations of each party, set timelines for payment of monies, create a dispute settling mechanism, create reporting requirements, etc. This work will primarily be undertaken by the Town Solicitor, with support and assistance from the CAO, Director of RCW and Treasurer, as appropriate. The

Memorandum will be returned to Council with (presumably) a recommendation to sign. That process should take between 4-6 weeks.

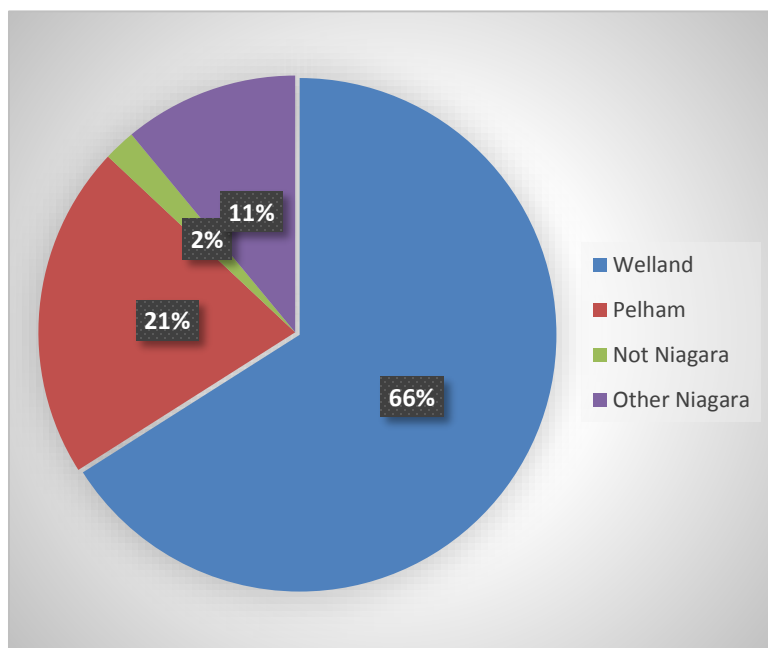
Membership Data

Membership Mix

(as at Aug 2022)

- 66% of HFA** members are from Welland
- 21% of HFA members are from Pelham
- 21% of all Niagara Centre HFA members received financial support
- 43% of Niagara Centre members purchased for pool access

** Health, Fitness,
Aquatics



As a final point of general analysis, providing financial support to the YMCA must be predicated upon the City of Welland being the majority supporter, as Welland is both home to the facility and has a much larger population. At time of writing, it is unknown to what degree, if any, the City of Welland will support the YMCA, although commentary from both staff and some elected officials in Welland has been cautiously supportive.

The City of Welland will address this topic at its meeting on March 21st. If the City does not make a specific endorsement or provide clear direction to City staff at that meeting, then this matter should be deferred by Pelham Council until such time as the City of Welland's level of support for the YMCA has become clear. It is anticipated that the CAO and Treasurer will provide a verbal update on the outcome of the March 21st meeting to Council during the anticipated discussion of this matter on March 22nd.

Financial Considerations:

The Town of Pelham has spent \$36 Million on the Meridian Community Centre (MCC) which opened in 2018. The total debt outstanding on January 1, 2023, relating to the MCC is \$22,609,567. The principal and interest payments related to the debt for the MCC is \$1,430,957 for 2023. The Town has a very high debt

burden on its recreation facility; therefore, it is difficult to take on anymore costs for other recreational facilities, regardless of where they are located.

If Council decides to pay the requested \$111,018 to the YMCA for 2023, this would be an unbudgeted item that would have to come from the municipal building facility reserve. Currently, the municipal facility reserve does not have this amount in its capital projections since the reserves are earmarked for other future capital expenditures. The \$111,018 represents approximately .67% of a tax levy increase. The Town of Pelham made a significant contribution of \$500,000 to the YMCA when it opened. Since then, the Town has built and now operates its own recreation facility including debt payments up to 2047. The Meridian Community Centre also sees many residents from across the region, including Welland, using the facility.

Alternatives Reviewed:

As indicated in the body of the report, there are essentially three options in light of the request: decline the request for funding, approve the request, or approve the request but at a lesser amount.

Strategic Plan Relationship: Build Strong Communities and Cultural Assets

It is unrealistic to anticipate Pelham ever building an indoor pool of its own – particularly given that residents have relatively easy access to pools in Welland, in St. Catharines and at Brock University. Data does support that the YMCA pool in Welland is patronized by hundreds of Pelham residents, and so supporting this third-party service provider would provide benefit to some Pelham residents, as it is not a service that can be directly obtained in this community.

Consultation:

The Treasurer and the Director of Recreation, Culture and Wellness both contributed to the writing of this report and have played a crucial role in providing analysis and during the discussions/negotiations.

Other Pertinent Reports/Attachments:

1. YMCA Presentation by Christian Wulff to Pelham Town Council, dated January 30, 2023
2. City of Welland Report – please note that at time of Pelham's publishing cycle, this was not yet a finalized document. Assuming the report is a public one, it will be appended electronically as an addendum.

Prepared and Submitted by:

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